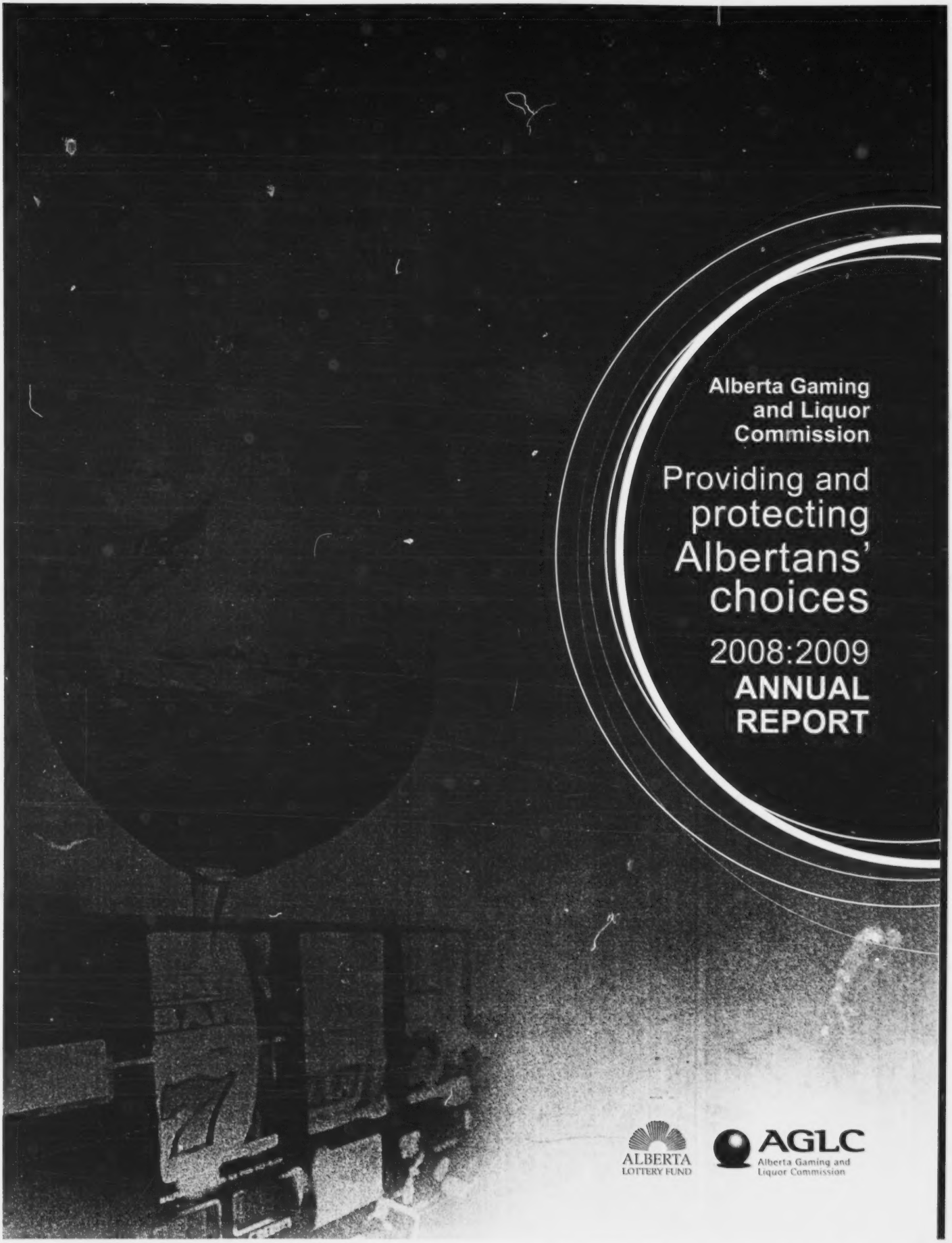
Alberta Gaming and Liquor Commission

Providing and protecting Albertans' choices

2008:2009 ANNUAL REPORT



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ALBERTA LOTTERY FUND

AGLC Alberta Gaming and Liquor Commission

Our MISSION

Providing and protecting Albertans' choices.

Our VISION

Ensuring gaming and liquor sustainability for Alberta.

Our VALUES

FORESIGHT

We are aware of and take a proactive approach to shifts in social, political, economic and environmental trends.

ACCOUNTABILITY

We hold ourselves accountable for our decisions.

INTEGRITY

We are open and transparent and act with impartiality to uphold the trust of all our stakeholders.

RESPECT

We value our colleagues, stakeholders and Albertans and our shared responsibilities to society and the environment.

As a Crown commercial enterprise, we are an agent of the Government of Alberta and operate under the *Gaming and Liquor Act*.

Our structure includes:

- A seven-member Board that reports through the Chairperson to the Minister responsible for the *Gaming and Liquor Act*, and
- Eight divisions that manage the day-to-day operations of the organization and report to the Board through the Chief Executive Officer.

The Board develops policy, conducts hearings, and makes licensing and registration decisions to ensure that Alberta's liquor and gaming industries are well regulated and well managed to benefit the people of the province. It also ensures the powers and duties of the commission are appropriately carried out through the Chief Executive Officer.

Our role is to administer the *Gaming and Liquor Act*, Regulation and related policy. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial gaming activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

The Solicitor General and Minister of Public Security is responsible for the *Gaming and Liquor Act*.

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MESSAGE FROM THE CHAIRPERSON OF THE BOARD

The end of the 2008-09 fiscal year marked my second year as Chairperson for the Alberta Gaming and Liquor Commission (AGLC). As in previous years, the Board continued to ensure Alberta's gaming and liquor industries were well regulated and managed on behalf of the people of Alberta.

In 2008-09, Alberta's charitable gaming model allowed charitable and religious groups across the province to receive over $335 million for reinvestment back into their communities. In addition, provincial gaming activities generated over $1.5 billion which was provided to the Alberta Lottery Fund and $684 million of liquor revenue was contributed to general revenues. The stable performance of the first six months of the year was eroded somewhat in the last half by the softening of the provincial economy.

Challenging economic times underscore the importance of effective and accountable Board governance. I am proud to report that the AGLC's Board is fully compliant with the new *Alberta Public Agencies Governance Act* and continues to promote transparency, accountability, and good governance in fulfilling each of its roles and responsibilities.

In order to enhance its responsibilities, the Board established a Human Resources Committee to oversee succession planning for the organization's senior management and to focus on other corporate human resource matters. Skilled and dedicated staff form the backbone of the AGLC and the work of this Committee will ensure the AGLC continues to benefit from strong senior leadership in the years to come.

The role of the Board's Finance sub-committee was also enhanced. Now called the "Finance and Strategy Committee", this group of Board members assumed responsibility for monitoring the long-term strategic direction of the Board, while continuing to be responsible for monitoring and reviewing the AGLC's annual budget and business planning processes.

The roles of the Audit sub-committee and the Corporate Governance and Stakeholders sub-committee continued as in previous years. These committees are responsible for monitoring the organization's financial controls, reporting and disclosure, risk management, as well as monitoring and reviewing the Board's corporate governance processes.

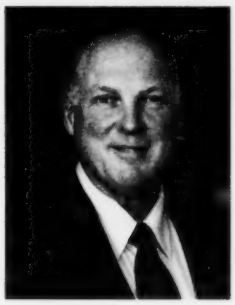
In order to fully discharge its roles and responsibilities, the AGLC Board continued to work with management to build its knowledge of the liquor and gaming businesses in Alberta. Together, the Board and management identified various aspects of the AGLC's businesses that would benefit from further exploration. This interaction presented opportunity for Board members and AGLC staff to become better acquainted which has served the organization well.

I am pleased with the accomplishments that the Board and management made in 2008-09 and I look forward to building on this good work to meet the challenges in the coming year. I encourage you to refer to the "Highlights" section of this Annual Report (page 4) to learn more about the AGLC's achievements.

Original signed by

Marguerite Trussler
Chairperson

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



In everything it does, the Alberta Gaming and Liquor Commission (AGLC) strives to achieve its vision of ensuring gaming and liquor sustainability for Alberta. By fulfilling our mission of providing and protecting Albertans' choices, we ensure Albertans benefit from gaming and liquor through the positive social and economic benefits generated by these industries. We also accept the social responsibilities that come with the AGLC's role as steward, leader and regulator of the gaming and liquor industries in Alberta.

Our mission is a challenging one and AGLC staff work tirelessly on many initiatives and activities to accomplish it. The AGLC noted many achievements in 2008-09, including:

- Establishing the Alberta Safer Bars Council to reduce violence in and around licensed premises;
- Maintaining stability within the liquor supply chain and exploring options for the future of the physical network to ensure that we have the best one;
- Continuing to provide education/training programs for staff in the gaming and liquor industries to inform them about their social responsibilities and duty of care obligations;
- Providing over $1.5 billion to the Alberta Lottery Fund from gaming activities; and
- Providing $684 million to government revenues from liquor sales.

During 2008-09, the AGLC also continued its dedication to providing high quality customer service. I am pleased to announce that the AGLC's Technical Services Branch won a Canada Award of Excellence and its second Premier's Award of Excellence for demonstrating continuous improvement. The AGLC also continued to achieve high rates of client satisfaction. For example, almost all – 98% of retailer clients – expressed satisfaction with services provided by the AGLC in 2008-09.

These accomplishments, and the many others listed in this annual report, are the direct result of the dedication and commitment demonstrated daily by AGLC staff. The AGLC understands the importance of a positive work environment and it takes employee satisfaction seriously. Staff are surveyed annually and this year's survey results show that 89% of employees feel they have positive working relationships with co-workers while 82% of employees feel that their current job is a good fit with their skills and interests.

Staff survey results are reviewed thoroughly and the AGLC regularly introduces new initiatives to maintain staff satisfaction. The 2008-09 fiscal year was the first full year that a Health Spending Account was available to staff. The AGLC also introduced a compressed work week and staggered hours of work to assist staff in maintaining an appropriate work/life balance. In January 2009 the AGLC commenced an Employee Referral Program, designed to assist the organization in attracting qualified staff to fill job openings and to reward AGLC employees who assisted in recruiting talent.

As in previous years, the AGLC's Board played an important part in achieving the organization's results. Management and the Board continued to work together and learn from each other, further strengthening the AGLC's ability to fulfill its roles and responsibilities.

This has been an exciting and busy year. I look forward to the coming year, and to the new challenges and opportunities that it will surely bring.

Original signed by

Gerry McLennan
Chief Executive Officer

HIGHLIGHTS OF 2008-09

AGLC employees are keen observers. Trends in gaming and liquor change over time as do the needs of consumers and opinions of Albertans. It's through using **foresight** to determine the **direction of gaming and liquor** in Alberta and monitoring **societal trends** and the **environment**, that employees' efforts can have the most **impact**. We are constantly tracking changes in the environment in which we work.

Highlights of 2008-09:

Our new vision, mission, and values

In February 2009, we launched new vision, mission, and value statements. Based on feedback from stakeholders and staff across Alberta, the new statements provide us with direction for the future and a strong foundation for sustaining our organizational culture.

We ensure gaming and liquor sustainability for Alberta by providing and protecting Albertans' choices. We do this with foresight, accountability, integrity and respect.

Our new vision, mission, and values are listed on the inside cover of this report.

Easier to say: AGLC dot CA

As of January 1, 2009, our website address and email addresses became **aglc.ca** (formerly **aglc.gov.ab.ca**) – these addresses are easier to remember and quicker to type and will allow us to communicate with stakeholders and Albertans more quickly, easily, and conveniently.

Technical Services provides award winning service

The Technical Services Branch within the Gaming Products and Services Division won a second Premier's Award of Excellence (PAE) and a first ever Canada Award of Excellence (CAE) for demonstrating continuous improvement as a working unit. Both the PAE and CAE evaluate applicants based on the National Quality Institute's best practices criteria and are credited by private and public sectors as a major benchmark achievement.

The award winning team is comprised of 150 employees across the province who are best known for their exceptional customer service. The branch exceeded our business plan's performance target for client satisfaction with an astonishing 98 per cent of retailers being satisfied. In fact, the team has achieved overall client satisfaction ratings between 97 and 99 per cent each year since we began measuring satisfaction in 2001.

Highlights

$2.2 billion earned to benefit Albertans

Net Operating Results for 2008-09 were almost $2.2 billion. Over $1.5 billion was distributed to the Alberta Lottery Fund and almost $685 million was distributed to the General Revenue Fund.

($ millions)	2008-09	2007-08	2006-07	2005-06	2004-05
GROSS SALES	$ 27,069	$ 28,296	$ 26,165	$ 23,683	$ 21,966
GROSS PROFIT					
Liquor	$ 685	$ 680	$ 662	$ 603	$ 570
VLTs	592	703	735	695	635
Slot Machines	862	840	699	606	549
Electronic Bingo	7	9	8	6	5
Ticket Lottery	250	231	227	205	183
Other Revenue	21	20	18	13	13
Operating Expenses	(221)	(190)	(157)	(142)	(129)
NET OPERATING RESULTS	$ 2,196	$ 2,293	$ 2,192	$ 1,986	$ 1,826

Albertans have more choice than ever before

In 2008-09, 15,872 liquor products were available – almost 1,500 more than the year before.

	2008-09	2007-08	2006-07	2005-06	2004-05
LIQUOR PRODUCTS AVAILABLE	15,872	14,411	13,455	12,965	12,537

In 2008-09, Albertans purchased over 3.4 million hectolitres of liquor. Our liquor sales totalled $2.0 billion.

LIQUOR SALES ($ thousands)					
Spirits	$ 638,550	$ 619,568	$ 586,115	$ 524,939	$ 484,446
Wine	390,804	381,317	342,772	297,262	261,417
Coolers and cider	70,361	69,824	65,825	58,654	58,685
Beer	921,158	895,639	862,227	774,739	745,651
Total Sales	$ 2,020,873	$ 1,966,348	$ 1,856,939	$ 1,665,594	$ 1,550,201

LIQUOR SALES BY VOLUME (in hectolitres)					
Spirits	254,205	251,898	243,505	223,546	208,709
Wine	314,746	308,240	288,445	260,400	235,062
Coolers and cider	150,357	150,295	146,765	133,886	134,966
Beer	2,715,449	2,662,062	2,643,122	2,447,587	2,363,630
Total Volume	3,434,757	3,372,495	3,321,837	3,065,419	2,942,367

Charities receive millions to support their causes

We regulate charitable gaming in the province which includes bingos, casino table games, pull-tickets and raffles. Net proceeds (revenues less expenses) from the events go directly to the charities that conduct the events.

During 2008-09, charities earned a total of $335 million, compared to $325 million the previous year.

($ million)	2008-09	2007-08	2006-07	2005-06	2004-05
Casino	$ 252	$ 244	$ 198	$ 172	$ 147
Raffle	53[1]	48[1]	34[2]	34[2]	42[2]
Bingo	15[3]	26[3]	30[3]	35[3]	41[3]
Pull-Ticket	15[4]	7[5]	8[5]	7[5]	8[5]
Total Proceeds	$ 335	$ 325	$ 270	$ 248	$ 238

1 Includes prior year information for raffles with gross sales over $10,000 and current year information for raffles with gross sales under $10,000.

2 Includes prior year information for raffles with gross sales under $10,000. Does not include raffles with gross sales under $10,000.

3 Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under $2,500.

4 Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold in all other locations.

5 Includes prior year information.

Alberta Lottery Fund receives over $1.5 billion

The Alberta Lottery Fund receives the government's share of net revenues from VLTs, slot machines, electronic bingo and ticket lotteries. The revenues are used to support thousands of volunteer, public and community-based initiatives annually. In 2008-09, we provided over $1.5 billion to the Alberta Lottery Fund from the proceeds from provincial gaming activities.

	2008-09	2007-08	2006-07	2005-06	2004-05
Proceeds to the Alberta Lottery Fund	$ 1,512	$ 1,615	$ 1,534	$ 1,389	$ 1,260

Thousands of clients served

In 2008-09, we provided a variety of services and support to thousands of liquor licensees, charitable gaming licensees, facility licensees, and lottery ticket and VLT retailers.

	2008-09	2007-08	2006-07	2005-06	2004-05
LIQUOR LICENCES					
Class A (open to the public)	5,015	5,037	5,085	5,160	5,201
Class B (facilities where people pay an entrance fee or buy a ticket)	507	507	500	492	498
Class C (private clubs)	795	782	780	783	779
Class D (retail outlets that sell liquor for off-premises consumption)	1,801	1,800	1,769	1,743	1,713
Class E (liquor manufacturers)	22	20	20	20	17
Private Retail Liquor Stores (included in Class D above)	1,122	1,098	1,056	1,027	994
General Merchandise Liquor Stores (included in Class D above)	88	89	88	94	92
CHARITABLE GAMING LICENCES ISSUED					
Bingo	1,057	1,027	1,265	1,262	1,371
Casino	3,471	3,424	3,259	2,904	2,893
Pull-Ticket	283	198	295	228	314
Raffles over $10,000	271	290	296	327	294
Raffles under $10,000[1]	6,791	6,326	6,339	–	–
Total Charitable Gaming Licences Issued	11,873	11,265	11,454	4,721	4,872
GAMING VENUES					
Association Bingo Facilities	33	40	43	46	52
Private Operator Bingo Facilities	1	2	1	1	0
Total Licensed Bingo Facilities	34	42	44	47	52
Traditional Casino Facilities	19	19	18	17	16
First Nations Casino Facilities	5	4	1	0	0
Total Charitable Casino Facilities	24	23	19	17	16
Racing Entertainment Centres (RECs)	3	3	3	3	3
Lottery Ticket Centres	2,392	2,342	2,310	2,280	2,173
VLT Retailers and Video Gaming Entertainment Centres (VGERs)	1,030	1,051	1,060	1,079	1,110

1 Licences for raffles under $10,000 are issued from Alberta registry agents on behalf of the Alberta Gaming and Liquor Commission. Data for raffle licences under $10,000 for 2005-06 and 2004-05 is unavailable.

The AGLC Board has three major areas of **responsibility** in its governance role for the Commission: **policy responsibilities**, regulatory responsibilities and **monitoring responsibilities**.

OUR Board

Our Board

Left to right: Guy Mathieu, Ross Goldsworthy, Jim Hansen, Marguerite Trussler, Sandy Dougall, Lynn Faulder, Al Evans

The responsibilities of the Board are set out in Section 12 of the *Gaming and Liquor Act.*

These responsibilities include:

- Ensuring that the powers and duties of the organization are appropriately carried out;
- Establishing the policies of the organization; and
- Conducting hearings and making decisions respecting licences and registrations.

Specifically, the Board has three major areas of responsibility in its governance role for the Corporation:

- Policy responsibilities;
- Regulatory responsibilities, as exercised through Administrative Tribunals; and
- Monitoring responsibilities.

Policy Responsibilities

The Board plays a significant role in developing policy and advising the Minister responsible for the *Gaming and Liquor Act* on policy matters. The Board is engaged early in the process of policy development both through the strategic planning process and through consultation with stakeholders and partners. The Board may receive policy direction from the Minister responsible for the AGLC and, in turn, provide policy recommendations to the Minister.

Regulatory Responsibilities

The Board's regulatory responsibilities are prescribed by legislation. In its regulatory role, the Board functions as an administrative tribunal. Within the limits of its legislative jurisdiction, the Board conducts hearings, develops and applies policies and rules, and makes decisions on gaming and liquor licences and registrations.

When conducting hearings, the Board has the powers, privileges and immunities of a commissioner under the *Public Inquiries Act.* As a result, the Board may hold an inquiry into any matter related to the *Gaming and Liquor Act.*

Monitoring Responsibilities

In its monitoring responsibilities, the Board is primarily concerned with ensuring that the Commission performs its duties. The Board ensures that appropriate monitoring and control systems are in place and that the AGLC's financial reports are of high integrity. The primary vehicle for performing this function is the Board's Audit Committee.

In addition, the Board oversees and monitors the administration of the organization by the Chief Executive Officer (CEO). The CEO ensures that policies of the Board are implemented and advises and informs the Board on the operating affairs of the organization.

The Internal Audit office operates under a mandate approved by the Audit Committee. The independence of the Internal Audit office is assured as the Audit Committee has the responsibility for the hiring, compensation and performance reviews of the Director. The Audit Committee also has a direct relationship with the Auditor General for the Province of Alberta.

Board Sub-Committees

Four sub-committees assist the Board with its policy, regulatory, and monitoring responsibilities: the Audit Committee, the Corporate Governance and Stakeholders Committee, the Finance and Strategy Committee and the Human Resources Committee.

The **Audit Committee** is responsible for monitoring the organization's financial controls, financial reporting and disclosure, as well as monitoring organizational risks and mitigation processes. The committee approves the annual audit plan of the Internal Audit office and monitors the resulting reports. The committee successfully completed all duties assigned to it during 2008-09.

The **Corporate Governance and Stakeholders Committee** is responsible for establishing, monitoring and reviewing the Board's corporate governance processes and establishing a process for monitoring the relations of the organization and the Board and their many stakeholder groups and partners. The committee reviews and recommends the approval of all good corporate governance practices, and the Code of Conduct and Ethics which guide Board members in making fair, effective, and impartial decisions.

The **Finance and Strategy Committee** monitors the organization's budget and business and strategic planning processes, ensuring that the budget and business plan reflect the policies, objectives, and initiatives approved by the Board. The committee monitors the financial health of the organization and its performance and reviews and recommends approval of the organization's annual budget which is approved by the Board.

The **Human Resources Committee** is responsible for overseeing corporate human resource matters. The committee will ensure that the duties of the Chief Executive Officer and Board staff are appropriately carried out. It will also monitor the Board member recruitment process.

Members of the Board

Hon. Marguerite Trussler, Chairperson

The Hon. Marguerite Trussler was appointed Chairperson of the Board on December 12, 2007. Formerly a Justice of the Court of Queen's Bench of Alberta, Ms. Trussler has extensive board experience, having served as Chairperson of the Court of Queen's Bench Family Law Committee, as a member of the Editorial Board, Canadian Bar Review and as President of the International Association of Women Judges. With both her professional and community activities, Ms. Trussler demonstrates a strong commitment to community and family. She currently serves as Chairperson of the Provincial AIDS Advisory Committee and Chairperson of the Victoria School Foundation for the Arts.

Alexander (Sandy) Dougall

Sandy Dougall was appointed to the Board in October 2002. He has served as Chair of the Board's Audit Committee since 2003 and currently sits on the Human Resources Committee. Sandy has also been involved in various other steering committees. Born and educated in Scotland, where he launched his banking career, Sandy held a variety of senior management positions in retail and business banking throughout Alberta. He enjoys volunteering with community and non-profit organizations and is an active member of the Canmore Rotary Club. Sandy served on the Calgary Health Region Board from 1998 to 2008.

Alexander (Al) Evans

Al Evans was appointed to the Board in October 2002. He served on the Board's Audit Committee from January 2003 to November 2007 and is currently Chair of the Board's Finance and Strategy Committee. Al has been a member of the Board of the Western Canada Lottery Corporation (WCLC) since June 2004 and has been Chair of the WCLC Board since June 2007. He has also been a member of the Interprovincial Lottery Corporation since October 2004. Al is also a member of the Board of the Alberta Foundation of Administrative Justice. He has a strong background in management accounting and has completed various courses in project management and corporate and public supervisory management. He holds a certificate in automotive technology from the Southern Alberta Institute of Technology and is a Dale Carnegie graduate. Before retiring, Al spent 34 years in the petroleum industry, 14 years of which were spent as a senior financial coordinator for a major oil company.

Lynn Faulder

Lynn Faulder was appointed to the Board in November 2003. She is currently the Chair of the Board's Corporate Governance and Stakeholders Committee. She previously served a 2-year term on the Board's Audit Committee. Lynn chairs the Edmonton Appeal Panel for the Assured Income for the Severely Handicapped, Widows' Pension, and Aids to Daily Living programs. She is a member of the roster of public members appointed to hear appeals and conduct Hearings under the *Health Professionals Act*. Lynn is a graduate of the Institute of Corporate Directors. She is a member of the Board of Governors at Norquest Community College.

Guy Mathieu, Q.C.

Guy Mathieu was appointed to the Board in May 2005. He is a member of the Board's Audit Committee, and Finance and Strategy Committee. Guy is a retired lawyer. Prior to his retirement he was a senior partner in the largest law firm in the Peace River region. He is an active member of the Chamber of Commerce, the Peace River Rotary Club and the Knights of Columbus, among others.

Ross Goldsworthy

Ross Goldsworthy was appointed to the Board in November 2007. He is a member of the Audit, Corporate Governance and Stakeholders, and Human Resources Committees. Over the past 25 years, he has held increasingly senior positions within the transportation industry and is President of his own logistics consulting firm. He holds a Certified Public Accounting and Certified General Accounting designation. Ross also sits on the Board of the Credit Union Deposit Guarantee Corporation where he chairs the Governance and Human Resources Committee.

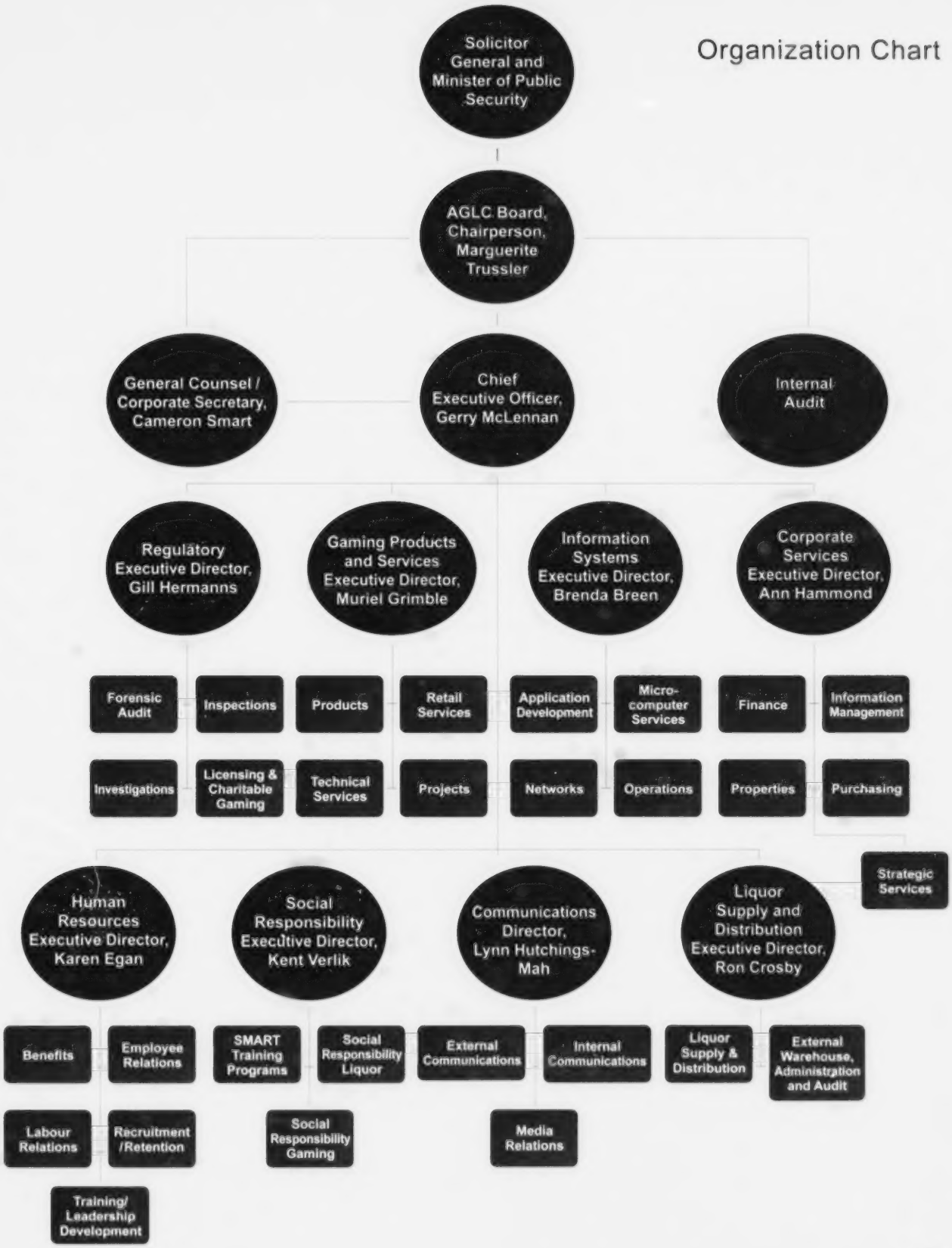
Jim Hansen

In his 20 years as President and CEO of the Alberta Hotel and Lodging Association (AHLA), Jim Hansen was a leader in Alberta's hospitality industry, experience that serves him well in his November 2007 appointment to the Board. Jim is Chair of the Board's Human Resources Committee and also sits on the Corporate Governance and Stakeholders Committee, and Finance and Strategy Committee. During his years with the AHLA, he worked with the AGLC on a number of initiatives, including the development of the *Alberta Server Intervention Program.* Jim has used his good business sense and knowledge of Alberta's hospitality industry to develop and publish many far-reaching programs, including accommodation rating programs such as *Canada* and *Camping Select,* Alberta's official *Accommodation and Campground* guides, *ExploreAlberta.com*, and Access Alberta. Jim is a former director of the Tourism Coalition of Alberta and the Alberta Liquor Industry Roundtable. He has held executive positions with the Hotel Association of Canada, Edmonton Regional Airports Authority and the Leduc Nisku Economic Development Authority, the Leduc and District Chamber of Commerce and is currently an active member of the Leduc Lions Club.

We interact with thousands of people every day – colleagues, partners, stakeholders and all Albertans. That means working in concert with everyone as **partners** and **respecting** not only who they are but also their **needs and abilities.** By working together we all **reach our goals.**

OUR PURPOSE AND STRUCTURE

Organization Chart



Our Purpose and Structure

Our Executive Team (left to right): Ron Crosby, Lynn Hutchings-Mah, Karen Egan, Gerry McLennan, Ann Hammond, Gill Hermanns, Muriel Grimble, Brenda Breen, and Kent Verlik, with General Counsel Corporate Secretary Cameron Smart.

We operate under the authority of the *Gaming and Liquor Act* and report to the Solicitor General and Minister of Public Security. Our structure includes:

- A seven-member Board that is appointed by the government and reports, through the Chairperson, to the Minister.
- Eight divisions that manage the day-to-day operations of the organization and report to the Board through the Chief Executive Officer. This structure ensures that policy implementation is consistent and that operations run seamlessly and efficiently.

Our role is to administer the *Gaming and Liquor Act*, Regulation and related policy. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial gaming activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

We manage and control the growth of Alberta's gaming and liquor industries responsibly and with integrity. This means all industry players compete on a level playing field where the rules are fair and clearly and consistently applied. It means that sound policy and effective regulation work hand in hand with monitoring and enforcement. It means a commitment to working in partnership with charities and private businesses to deliver high quality services to the public. And it means a commitment to excellence, openness and accountability.

Through all our activities, we generate revenue for the province and the people of Alberta which contributes to the growth of Alberta's economy, the prosperity of communities, and the well-being and quality of life of Albertans.

- We work hard to maximize the long-term economic benefits of liquor and gaming and take our social responsibility responsibilities just as seriously. We sponsor education and awareness programs – for the public, for our staff, and for industry staff. We support research in the field of gambling and addictions and are a partner in the province's beverage container recycling program. And perhaps most importantly – we ensure that our operations, policies and programs reflect the values of Albertans.
- Albertans have the right to make choices and to take responsibility for their own affairs. We provide Albertans with a wide range of gaming entertainment options as well as information to help people make informed decisions. We provide gaming and liquor products in secure and licensed venues. We work hard to protect minors, and respect the rights of communities to make decisions that reflect local interests.

In all our decisions, we maintain integrity and weigh social responsibility against Albertans' right to personal choice and against the economic benefits generated by liquor and gaming.

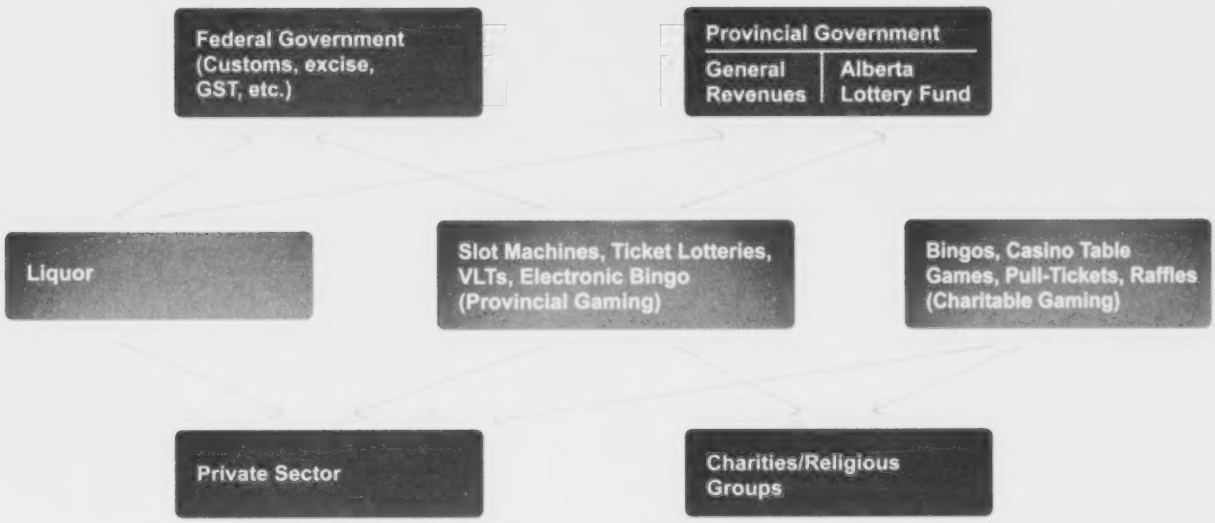
Flows of funds

Our liquor and gaming businesses include the collection and disbursement of funds in accordance with the *Gaming and Liquor Act*, other legislation, policies and agreements.

For liquor, we collect the wholesale price of liquor products. Suppliers are paid for the product. Warehousing, distribution and container recycling fees along with federal duties and taxes are also paid. After deducting our liquor related operating costs and including fees from licences, levies, and fines, the net amount is provided to the provincial government.

For provincial gaming, we record gaming activity from slot machines, ticket lotteries, VLTs and electronic bingo. We ensure prizes are paid and remit federal taxes. Commissions are paid to retailers/operators and charities/religious groups are paid a commission from slot machines and electronic bingo. After deducting our gaming related operating costs, the net amount is provided to the Alberta Lottery Fund.

For charitable gaming, the gaming event is conducted and managed by a charitable or religious group under licence from the AGLC. Costs of products and services from the private sector are paid by the event licensee. The event licensee retains the profit from the event. Other than a licence fee for the event, the AGLC receives no revenue from charitable gaming.



Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the overall operations of the organization, as set out in Section 18(2) of the *Gaming and Liquor Act*.

The administration

Our eight divisions include 858 employees located in our offices in St. Albert (the head office), Calgary, Grande Prairie, Lethbridge, Red Deer, and Stettler. The divisions are:

- Communications
- Corporate Services
- Gaming Products and Services
- Human Resources
- Information Systems
- Liquor Supply and Distribution
- Regulatory
- Social Responsibility

COMMUNICATIONS

This Division supports our commitment to communicating with employees and external stakeholders on key business activities and initiatives. It also provides Albertans and key stakeholder groups with up-to-date information on our programs and initiatives through a variety of communications vehicles including websites, news releases, and fact sheets. The Division acts as our liaison and spokesperson with local, provincial, and national media and monitors public opinion to better understand Albertans' expectations and priorities to develop effective communication strategies.

CORPORATE SERVICES

This Division manages budgeting, financial and reporting operations for the AGLC, including revenue, pricing, collections, payroll and payments. It leads the development of strategic policy recommendations for gaming and liquor activities in the province as well as strategic and business planning based on environmental scanning and risk assessment. It coordinates performance measurement and freedom of information and protection of privacy services. It also manages information security, procurement, and property requirements. The Division has five branches: Strategic Services, Finance, Information Management, Purchasing, and Properties.

GAMING PRODUCTS AND SERVICES

This Division manages the business operations related to the conduct and management of the province's gaming industry. The Technical Services Branch provides the technical support to ensure the province's electronic gaming equipment is kept in good repair. The Products Branch is responsible for managing and maintaining thoroughly tested, properly functioning, state-of-the-art equipment for Alberta's gaming industry. The Project Branch maintains standards and processes related to project management, strategic and business planning, and policy within the Division. The Retail Services Branch supports the province's gaming retailers and provides the account services, product information and signage that retailers need for their operations. It also operates our Hotline, where gaming retailers and stakeholders can phone for information or get help if they have concerns with their gaming equipment.

HUMAN RESOURCES

This Division plans, develops and delivers all human resource programs, policies and practices for the organization and promotes the alignment of strategic human resource initiatives with business goals. The Division manages the delivery of human resource services in the areas of staffing, job evaluation, employee relations, workplace health, performance management, employee recognition, attraction, retention initiatives and collective bargaining.

INFORMATION SYSTEMS

This Division provides the computer technology that supports our businesses. It consists of two branches: Application Systems and IT Infrastructure. The Application Systems Branch develops and maintains specialized application systems that keep our day-to-day business on track and assist the business areas with collecting and monitoring information. The IT Infrastructure Branch manages a secure network of computers, printers and servers in all of our corporate offices, at liquor warehouses and at gaming facilities. This Branch manages a "wide area" telecommunications network that securely connects our data centre with more than 1,200 gaming locations across the province. They also monitor activity and provide disaster recovery services for the specialized electronic gaming systems that track the real time operations of video lottery terminals, slot machines and electronic bingo devices.

LIQUOR SUPPLY AND DISTRIBUTION

This Division monitors and manages the liquor supply chain ensuring controlled, efficient, and effective supply of liquor products to Albertans. The Division also ensures compliance with customs and excise legislation, revenue collection and inventory control for all Alberta liquor and beer warehouses. Through this Division, the AGLC actively participates in Alberta's beverage container management and operations. In late 2008-09, this Division merged with Corporate Services.

REGULATORY

This Division is responsible for ensuring the integrity of the gaming and liquor industries in Alberta. It consists of four branches: Licensing and Charitable Gaming, Inspections, Forensic Audit, and Investigations. The Licensing and Charitable Gaming Branch is directly involved in every detail of the licensing, registration and reporting processes for Alberta's liquor and gaming operations. The Inspections Branch is responsible for conducting regular, on-site inspections to ensure that liquor licensees, registrants and gaming operations across the province comply with legislation and policy. The Forensic Audit Branch provides ongoing monitoring to maintain the financial integrity of Alberta's gaming industry. The Investigations Branch works with police services and other government ministries to investigate Criminal Code offences related to gaming, liquor, and tobacco in the province.

SOCIAL RESPONSIBILITY

This Division coordinates our social responsibility initiatives to ensure that all gaming and liquor activities are conducted in a socially responsible manner. It leads the design of programs, policies, and strategies that promote healthy choices and the responsible use of gaming and liquor products and delivers these programs in cooperation with Alberta Health Services (AHS) and stakeholders in the liquor and gaming industries. The Division is also responsible for the conduct and management of Responsible Gambling Information Centres (RGICs) and a number of industry training programs.

AGLC employees recognize that we are only as good as our words and actions. We interact **honestly and openly** with all stakeholders. Gaining the trust of our partners is not something we just say, it's something we do. And we **work hard** to keep that trust.

REGULATORY INITIATIVES

Regulatory Initiatives

New rules to improve bar safety

On August 1, 2008, we introduced new policies regarding minimum drink prices, happy hours, and drink orders at last call to help curb binge drinking and over-consumption in bars and clubs. These policies were introduced in response to research which has shown a strong connection between cheap drinks, over-consumption and violence.

Under the new rules, the maximum number and size of drinks that may be sold or served to a patron after 1 a.m. is limited to two standard servings per order. A standard serving is 28.5 ml (1oz) for spirits and liqueurs, 142 ml (5oz) for wine, 341 ml (12oz) for draft beer, or one 341 ml bottle or 355 ml can for beer, cider or coolers. Patrons may not have more than two drinks in their possession after 1 a.m.

Policies impacting happy hours were also amended. Under the new rules, a bar can reduce the regular menu price of liquor only until 8 p.m. After that, drinks have to be sold at the regular price.

The new minimum drink prices in Alberta are:

Spirits and liqueurs	$2.75 per ounce
Wine	$0.35 per ounce
Draught beer	$0.16 per ounce
Beer, cider or coolers in cans or bottles	$2.75 per 12 ounce bottle or can

Alberta Liquor Supply Chain Review

In Alberta, Connect Logistics Services (CLS) is the sole warehouser and distributor of spirits, wine, coolers, and imported beer. The distribution of liquor product to licensees from the CLS warehouse and the warehousing and the receipt of liquor product from suppliers and agents was reviewed in 2006-07. The review was conducted by an independent third party and recommended resolutions to supply chain issues that occurred in 2006-07. The liquor supply chain review was one of the more complex and important initiatives we have undertaken since the privatization of liquor occurred in 1993. The Alberta liquor industry supply model is designed to balance the interests of all stakeholders.

The report identified a series of short, medium and long-term recommendations. The short-term recommendations were acted on in 2007-08. The key medium-term recommendation was to develop an operational and financial business case that considered four options for the physical network. In 2008-09, we contracted PriceWaterhouseCoopers to research these options. As part of the review process, we conducted a stakeholder consultation with the liquor industry. The majority of stakeholders expressed a strong desire to see the principles of privatization retained through the current distribution model, that is through a single warehouser carrying all products (excluding domestic beer).

The complete report is available on our website at **aglc.ca**.

Connect Logistics 2008 Quick Facts

- 1,900 licensees placed orders
- Average of 300 orders received daily
- 48 hour delivery across the province
- 15,900 items available to order
- 19,000 different products sold yearly
- 80% of sales from top 1,800 brands
- 25 million cases shipped and received last year
- 330 employees in the St. Albert warehouse

Liquor Mark-up Rates

SPIRITS, REFRESHMENT BEVERAGES AND WINE	As of March 31/09 $ per Litre
Spirits (greater than 60% alcohol content)	17.87
Spirits (greater than 22% and less than or equal to 60% alcohol content)	13.30
Spirits (less than or equal to 22% alcohol content)	9.90
Wine and Sake (greater than 16% alcohol content)	6.10
Wine and Sake (less than or equal to 16% alcohol content)	3.45
Wine and Mead (sold under the authority of a Class D manufacturer's off sales licence)	0.70
Refreshment Beverages (greater than 8% and less than or equal to 16% alcohol content)	4.05
Refreshment Beverages (greater than 1% and less than or equal to 8% alcohol content)	1.35
BEER*	**$ per Litre**
Beer (less than or equal to 10,000 hectolitres)	0.20**
Beer (greater than 10,000 hectolitres and less than or equal to 200,000 hectolitres)	0.40**
Beer (greater than 200,000 hectolitres and less than or equal to 400,000 hectolitres)	0.40 on sales in Alberta up to and including the first 200,000 hectolitres***
	0.98 on sales in Alberta for the next 200,000 hectolitres up to and including 400,000 hectolitres
Beer (greater than 400,000 hectolitres)	0.98

* Annual worldwide production includes the volume of all liquor and non-liquor products manufactured where the beer is produced, as well as all contracted or leased volumes.

** All manufacturers/liquor suppliers/liquor agencies are subject to the standard mark-up rate of $0.98 per litre. A qualified manufacturer may be eligible for the small brewer mark-up if it meets, to the satisfaction of the AGLC, the following criteria:

1 A qualified manufacturer, under the beer mark-up policy, is defined as:
   a) An Alberta licensee holding a Class E Manufacturer (Brewery) Licence issued in accordance with the *Gaming and Liquor Act*, Gaming and Liquor Regulation and related AGLC policies; or
   b) A person who owns/leases, operates and controls an establishment for making liquor outside of Alberta who meets the following requirements of a Class E Manufacturer (Brewery) in Alberta:
      i. 5,000 hectolitres minimum annual production capacity;
      ii. all beer must be manufactured on site;
      iii. fermentation, maturation and storage tanks with a minimum of 10 hectolitres capacity each;
      iv. there must be a weekly minimum of 50 hectolitres overall fermentation, maturation and storage capability and there must be space available to add additional tanks to achieve the overall annual capacity; and
      v. the person must have the continuous right to solely occupy and control the facility whether or not the facility is owned or leased by the person.
2 A qualified manufacturer is eligible for the small brewer rates on products for distribution in Alberta only if it is either:
   a) the owner of the trade/brand names it manufactures; or
   b) the registered agency in Alberta of the products it manufactures.
3 A registered agency that has a product produced at only one qualified manufacturer, that qualified manufacturer having annual world-wide production of all products less than 10,000 hectolitres is eligible for the small brewer rate.

*** Only those beer manufacturers and suppliers whose annual worldwide production was less than 200,000 hectolitres when they entered the Alberta market are eligible for the transition mark-up rates.

Preventing minors from purchasing liquor

We take the issue of minors accessing liquor very seriously.

The Under 25 Program is an effective way to reduce or prevent situations where proof of age is not requested from those under 18 and they are able to purchase liquor.

To raise awareness of this program among Albertans, we launched the "Hard to Tell – Have to Ask" campaign in 2003. The campaign consists of posters and brochures that are distributed to all liquor licensees, as well as advertisements printed in newspapers throughout Alberta. Licensees are monitored to ensure a screening procedure is followed. Those not in compliance are reminded of the policy and its purpose. Repeat offenders are fined or otherwise disciplined.

We will continue to work with our industry partners to ensure compliance with this policy as we feel it is important to prevent minors from purchasing liquor from licensed premises. However, this responsibility must be shared by every individual in the liquor business to ensure minors are not being served liquor.

Our increased emphasis on ensuring compliance through the implementation of the awareness program and the enforcement of the policies has been successful for the past five years, as over 80 per cent of establishments requested proof of age.

	2008-09	2007-08	**2006-07**
Percentage of liquor serving establishments requesting proof of age from young people	83.0%	81.0%	87.0%

Preventing minors from gambling

In 2006-07, we launched a Minors Awareness Campaign for lottery ticket retailers. Directed at lottery ticket retailers and their staff, the campaign seeks to remind retailers that our policies prohibit minors from gambling. Alberta Health Services' research indicates that Alberta youth from grades seven through twelve are participating in a number of gambling activities including playing scratch 'n win lottery tickets.

In 2008-09, we audited 295 lottery ticket retailers and found a compliance rating of 57 per cent, compared to 41 per cent in the previous year.

	2008-09	2007-08	**2006-07**
Percentage of lottery ticket retailers requesting proof of age from young people	57.0%	41.0%	56.0%

Review of the Host First Nation charitable casino policies

Alberta First Nations and the Government of Alberta worked together to develop a First Nations Gaming Policy for on-reserve casinos. Designed to meet the needs of First Nation communities while adhering to Alberta's unique charitable gaming model, the First Nations Gaming Policy was approved in 2001.

In 2006, we formed a committee that included representatives from the AGLC, the Government of Alberta, and Host First Nations that developed the Host First Nation Charitable Casino Policies Handbook which provides Host First Nations with policies regarding eligibility and the approved uses of proceeds.

Five First Nation Casinos have opened in Alberta since 2006. After two years of utilizing the policies, we formed a Host First Nation Charitable Casino Policies review committee to review and revise existing policies and to develop new policies where appropriate. The committee, in consultation with Host First Nations, will recommend policy changes that meet the needs of First Nations, the AGLC, and the Government of Alberta.

Social Responsibility must be shared among government, stakeholders, and patrons and can only be achieved through **partnerships** and **collaborative relationships.** We are committed to ensuring the liquor and gaming industries in Alberta are **operated fairly** and in a **socially responsible manner** and are proud of **our leadership role** in this area.

SOCIAL RESPONSIBILITY INITIATIVES

Social Responsibility Initiatives

Social responsibility in the delivery of liquor and gaming products in Alberta is achieved through partnerships and collaborative relationships between government, stakeholders, and patrons.

- In partnership with Alberta Health Services (AHS), we work closely with liquor and gaming industry stakeholders to develop provincial strategies that promote healthy choices and the responsible use of liquor and gaming products.
- We work with national partners and monitor liquor policy development in other jurisdictions. Current issues range from violence in bars, binge drinking, youth drinking and more.
- We work with post-secondary institutions and other stakeholders to identify gaming research priorities.
- We monitor other gaming jurisdictions and academic research to identify effective responsible gambling awareness training programs, and gambling harm prevention and education initiatives.
- We also administer the Voluntary Self-Exclusion (VSE) program for patrons of Racing Entertainment Centres (RECs) and casinos who request help to control their gambling behaviour.

We are proud of our leadership role in these areas. Here are some of our programs and initiatives that deal with these issues:

We offer five SMART training programs

Our SMART Training Programs are a best-in-class series of competency based courses aimed at educating and informing anyone involved in the gaming and liquor industries about their social responsibilities and duty of care obligations. We are a national leader in education and training for the responsible service, sale and consumption of alcohol and the responsible delivery of gaming products and services.

Proven effective by third-party studies, our suite of SMART Training programs are designed to help servers and licensees fulfill their social responsibilities and duty of care obligations, raise awareness of problem alcohol behaviours, and reduce the risk of liability. Our gaming focused courses are designed to help licensees fulfill their social responsibilities and duty of care obligations, raise awareness of problem gambling and reduce the risk of liability.

SMART Training programs include:

- *ProServe* (Liquor Industry Workers)
- *ProTect* (Liquor Industry Security Staff)
- *Deal Us In* (Casino and Racing Entertainment Centres)
- *Reel Facts* (Video Lottery Terminal [VLT] Retailers)
- *A Good Call* (Bingo Halls)

	2008-09	2007-08	2006-07
LIQUOR TRAINING PROGRAMS			
Number of individuals who completed *ProServe* training*	13,022	11,614	13,210
Number of individuals who completed *ProTect* training	2,258	315	–
GAMING TRAINING PROGRAMS			
Number of individuals who completed *Deal Us In* training	1,848	1,611	1,100
Number of individuals who completed *Reel Facts* training**	1,724	1,200	2,500
Number of individuals who completed *A Good Call* training	125	512	–

* Formerly, *Alberta Server Intervention Program* training

** Formerly, *Winning Moments* training

Our SMART training programs are available online

In 2008-09, the AGLC launched online versions of the *Deal Us In* and *A Good Call* training programs. As of March 31, 2009, all SMART training programs with the exception of the *ProTect* program are available online.

Providing training to liquor industry workers

On October 1, 2008, we changed the name of the *Alberta Server Intervention Program to ProServe. ProServe* assists individuals involved in selling and serving liquor to the public by educating them about their duty of care responsibilities, Alberta legislation, and our policies. The program raises awareness about the responsible consumption of alcohol, and helps to curb the problems of underage drinking, over consumption, and impaired driving.

The training program is available through a number of different delivery methods, including online, public seminars, in-house seminars and self-directed programs.

13,022 individuals obtained *ProServe* certification in 2008-09. A total of 42,288 individuals have obtained *ProServe* certification since November 2004.

Providing training to liquor industry security staff

In February 2008, we launched the *ProTect Security Staff Training* program. The program is specifically designed for individuals whose job responsibilities include controlling access to licensed premises, checking for proper proof of age, crowd control, and monitoring and intervening to prevent aggressive actions.

ProTect training became mandatory for all individuals who work in a security position or manage/supervise security staff or who own, manage or work for a security company contracted to provide security in bars and nightclubs (Class A Minors Prohibited premises) on January 1, 2009. Individuals who work or volunteer in a security position in any other licensed premises or for a special event function are encouraged to take *ProTect Security Staff Training*, but it is not mandatory.

The program, which is delivered in a facilitated seminar, provides security staff with the knowledge and the skills required to ensure safer licensed premises and events, safer communities and improved management for the liquor industry. *ProTect Security Staff Training* focuses on reducing the risk of violence and liability by helping participants improve their observation and communication skills, preparing them to better prevent, defuse, and manage customer disturbances. *ProTect* training is offered to individuals and licensees at no cost.

In 2008-09, 2,258 individuals completed *ProTect* training through one of 167 facilitated seminars.

A strategy to protect citizens from alcohol-related harm

Canada and nations around the world are developing strategies to protect their citizens from alcohol-related harm. It's why we've partnered with AHS and community stakeholders and government colleagues to develop a provincial alcohol strategy that supports the Government's priorities to improve Albertans' quality of life and to provide safe and secure communities. The Alberta Alcohol Strategy will serve as a framework for a coordinated approach to help prevent and reduce harms associated with alcohol use in the province by developing a culture of moderation. This provincial strategy will help raise the profile of alcohol use and abuse and the importance of social responsibility in alcohol regulation. This could lead to actions to better mitigate the impacts and costs associated with alcohol use in Alberta.

Multi-sectoral liquor industry advisory group established

In 2008-09, we established an Alberta Safer Bars Council in response to growing concerns regarding violence in and around licensed premises. The Council was also established to enable Alberta's liquor industry to proactively and cooperatively move forward with a number of key policy initiatives. The Alberta Safer Bars Council is a multi-sectoral stakeholder

ProServe training will become mandatory for all individuals involved in the sale or service of liquor in licensed premises on January 1, 2010.

advisory group that reviews best practices with the goal of raising standards and improving safety in and around licensed premises. The Council provides strategic advice in prioritizing, developing and implementing policies and programs to deter violence in and around licensed premises based on the best practices and experiences in other jurisdictions. Four meetings of the Alberta Safer Bars Council were held in 2008-09.

Always! Set a limit. Stay within it.

"Always! Set a limit. Stay within it." is the theme for the Responsible Gambling Awareness Week (RGAW). The RGAW aims to educate Albertans about maintaining a healthy perspective on gambling and how to seek help if gambling is a problem. Encouraging responsible gambling – 'setting a limit and staying within it' – is the best defense against problem gambling. Together with AHS we provide awareness and intervention training for gambling operators and retailers. Responsibility in the gambling industry is shared among individuals, the government and industry and the RGAW is one way to recognize and encourage this cooperative effort.

In 2008, the event was expanded to include VLT retail outlets and bingo halls.

One of the key initiatives of the 2008 RGAW was the launch of the new **SetaLimitAlberta.ca** website where viewers can take a responsible gambling quiz and more.

Both Sides of the Coin: A Strategy to Prevent Problem Gambling and to Support Responsible Gambling

The Alberta Responsible and Problem Gambling Strategy is a joint initiative with AHS that was developed to ensure Albertans who choose to gamble have the resources they need to make informed decisions, to minimize gambling related harm, and to create healthy, sustainable gambling environments.

A working committee continually reviews emerging trends and issues in the fields of responsible and problem gambling and ensures there is a shared understanding and commitment to priorities and actions in these areas. In 2008-09 the working committee updated the strategy by bringing new initiatives forward. A consultation with gaming stakeholders was held in October 2008 and work has begun on an implementation plan for the five year strategy.

14 responsible gambling information centres in operation across the province

We've established 14 Responsible Gambling Information Centres (RGICs) in 13 casinos and 1 Racing Entertainment Centre (REC) which provide Albertans with information myths and facts related to gambling and tips on developing strategies to stay within a budget. The centres are staffed by trained responsible gambling consultants from Tuesday to Saturday from noon to 8:00 p.m. Centre staff assist gamblers with referrals to counselling, provide information and assistance regarding enrolment in the VSE program and administer the VSE program within their facility. Centre staff also assist and educate front line and facility management staff with the identification and monitoring of problem gamblers. Player Awareness Terminals (PATs) were installed in all RGICs in 2008-09. The terminals feature a series of interactive screens that offer a self-test as well as myths and tips to gamblers on how to develop safe, personal responsible gambling guidelines.

Six new RGICs opened in 2008-09.

Tips for Responsible Gambling:

- Remember, the house always has the advantage.
- Before playing, educate yourself on how the game works.
- Set a budget and stick to it.
- Take frequent breaks.
- Do not chase losses, accept them as a cost for the entertainment.
- Use only money from your entertainment budget; do not borrow money.
- Balance gambling with your other leisure choices.
- Know the warning signs of problem gambling.

RGIC Locations at March 31, 2008:

CITY	FACILITY
CALGARY	Cash Casino Deerfoot Inn and Casino Grey Eagle Casino Stampede Casino
CAMROSE	Camrose Resort Casino
COLD LAKE	Casino Dene
EDMONTON	Century Casino Northlands Park (REC) Palace Casino
ENOCH	River Cree Resort and Casino
FORT MCMURRAY	Boomtown Casino
GRANDE PRAIRIE	Great Northern Casino
RED DEER	Cash Casino Jackpot Casino

Providing information to gamblers

In 2008-09, we launched a cooperative multi-media responsible gambling campaign with AHS targeting high-frequency gamblers, those who are at low to moderate risk of problem gambling. The campaign highlights some commonly acknowledged myths and facts about gambling while educating Albertans about the need to set time and budget limits, and to treat gambling as a form of entertainment, not a way to make money.

The campaign includes three 15-second television ads, three 30-second radio ads, washroom posters in select VLT outlets and messaging on our digital signage networks in casinos and RECs.

Reducing our impact for the betterment of the environment

We've undertaken a number of green initiatives to reduce our impact on the environment and to assist us in being even more socially responsible. Highlights of our green initiatives include:

Completed Initiatives:

- Hired a recycling contractor to recycle paper products, shrink wrap, cardboard, and containers;
- Converted all incandescent pot lighting to compact fluorescent lighting, reducing energy consumption by approximately 85 per cent;
- Converted all air conditioning units to staged compressors, reducing energy consumption by approximately 20 per cent;
- Installed reflective window coverings on all windows to reduce solar gain;

Did you know?

The AGLC is an active participant in the Beverage Container Management Board (BCMB) that regulates the recycling of beverage containers in Alberta. Over 88 per cent of liquor containers were recycled in 2008-09. For additional information regarding liquor container recycling statistics, consult the BCMB's website at bcmb.ab.ca.

- Amalgamated individual printers/copiers/fax machines into shared multifunction printers; and
- Replaced CRT monitors with flat panel monitors.

Ongoing Initiatives:

- Replacing many corporate fleet cars with 4-cylinder engine models;
- Purchasing new vehicles with flex-fuel options;
- Purchasing recycled paper products;
- Reducing chemical use in the dishwasher in our cafeteria;
- Recycling all used oils and fats from the cafeteria;
- Converting Halon fire suppression systems to a chemical that produces no environmental impact when dispersed;
- We are joining in with the Government of Alberta to recycle fluorescent lighting tubes;
- Recycling printer toner cartridges;
- Old computers are sent to Computers for Schools or Government of Alberta surplus sales for reuse or scrap recycling;
- Utilization of virtual servers (many software-defined servers on one physical box) to reduce the number of physical servers; and
- Replacing computer equipment with more energy efficient models.

We are committed to corporate social responsibility because we understand that our actions impact Albertans, communities and the environment. We will continue to investigate and implement additional changes in the years to come.

We focus on creating **accurate** and **precise** financial results. **Hard work** in both the liquor and gaming businesses throughout the year have contributed to this year's strong results. The **liquor** business provides Albertans with **unparalleled choice** while fostering a **culture of moderation.** The **gaming** business isn't just about the slot machines, VLTs, ticket lotteries and charitable gaming activities which are available throughout the province, it is about creating a **unique player experience** that provides **benefits to charities** throughout Alberta.

FINANCIAL HIGHLIGHTS

Financial Highlights

Over $684 million provided to the General Revenue Fund from liquor sales

Gross profit from liquor sales in 2008-09 was $684.6 million, compared to $680.3 million the previous year. Our liquor sales totalled $2.02 billion. $1.34 billion was paid to suppliers, the federal government in the form of taxes, and for container recycling. Our liquor-related operating and regulatory costs were $20.9 million, leaving $663.7 million which, along with $20.8 million collected for licences, levies, fines and other charges, provided around $684.5 million to the provincial General Revenue Fund.

Liquor sales total $2.02 billion in 2008-09

($ thousands)	2008-09						2007-08	
Licence Class	Licences in Effect	Spirits	Wine	Coolers & Cider	Beer	Total Sales	Licences in Effect	Total Sales
A (hotels, bars and lounges)	5,015	$ 72,689	$ 28,077	$ 8,468	$ 199,193	$ 308,427	5,037	$ 321,415
B (facilities where people pay an entrance fee or buy a ticket)	507	696	290	226	5,328	6,540	507	7,139
C (private club)	795	669	1,638	161	5,385	7,853	782	8,387
D (retail outlets that sell liquor for off-premises consumption)	1,801	561,416	359,310	61,364	710,004	1,692,094	1,800	1,623,680
E (brew pubs and liquor manufacturers)	22	–	–	–	2	2	20	–
Other	–	3,080	1,489	142	1,246	5,957	–	5,727
Total	8,140	$ 638,550	$ 390,804	$ 70,361	$ 921,158	$ 2,020,873	8,146	$1,966,348

8,140 licences in effect at March 31, 2009

On March 31, 2009, there were 8,140 liquor licences in effect compared to 8,146 the previous year. There were 1,210 privately-owned liquor stores and general merchandise liquor stores compared to 1,187 the previous year.

	2008-09	2007-08	2006-07	2005-06	2004-05
LIQUOR LICENCES BY CLASS					
Class A (open to the public)	5,015	5,037	5,085	5,160	5,201
Class B (facilities where people pay an entrance fee or buy a ticket)	507	507	500	492	498
Class C (private clubs)	795	782	780	783	779
Class D (retail outlets that sell liquor for off-premises consumption)	1,801	1,800	1,769	1,743	1,713
Class E (liquor manufacturers)	22	20	20	20	17
Total	8,140	8,146	8,154	8,198	8,208
PRIVATE RETAIL LIQUOR STORES					
(included in Class D above)	1,122	1,098	1,056	1,027	994
GENERAL MERCHANDISE LIQUOR STORES					
(included in Class D above)	88	89	88	94	92

10 per cent increase shows Albertans have more choice than ever before

On March 31, 2009 there were 15,872 different liquor products available to Alberta's 1,210 privately-owned liquor stores and general merchandise liquor stores, compared to 14,411 the previous year. This ten per cent increase shows that Albertans continue to have more variety in their product choices.

	2008-09	2007-08	2006-07	2005-06	2004-05
Liquor products available	15,872	14,411	13,455	12,965	12,537

Over 3.4 million hectolitres of liquor sold to liquor licensees (including private liquor stores)

In 2008-09, we sold over 3.4 million hectolitres of liquor.

LIQUOR SALES BY VOLUME (in hectolitres)	2008-09	2007-08	2006-07	2005-06	2004-05
Spirits	254,205	251,898	243,505	223,546	208,709
Wine	314,746	308,240	288,445	260,400	235,062
Coolers and cider	150,357	150,295	146,765	133,886	134,966
Beer	2,715,449	2,662,062	2,643,122	2,447,587	2,363,630
Total Volume	3,434,757	3,372,495	3,321,837	3,065,419	2,942,367

Over $335 million provided to 11,274 charitable gaming licensees in 2008-09

During 2008-09, charities received a total of $335 million, compared to $325 million the previous year.

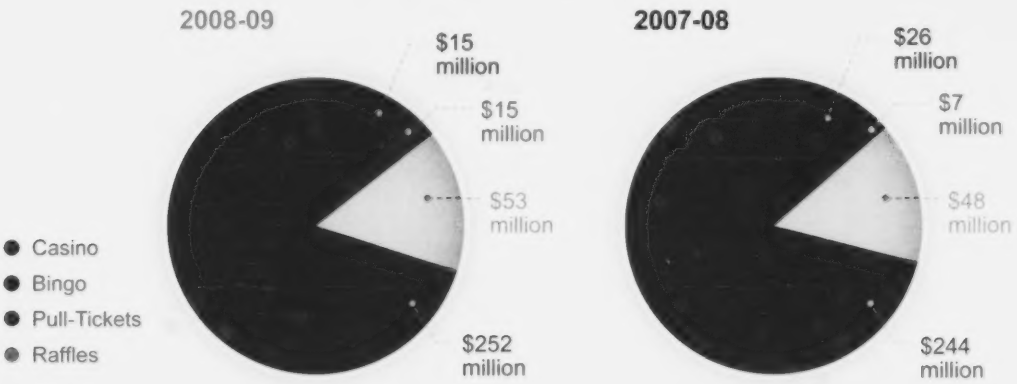
($ thousands)	2008-09							2007-08	
	Licences[1]	Total Gross ($000)	Prizes/ Winnings ($000)	Expenses ($000)	Electronics ($000)	Keno ($000)	Proceeds to Charity ($000)	Licences[1]	Proceeds to Charity ($000)
Casino	3,426	$1,106,434	$ 896,252	$ 132,345	$ 174,536	$ 19	$ 252,392	3,412	$ 243,896
Raffles[2]	5,617	132,475	52,197	27,398			52,880	3,730	47,839
Bingo[3]	1,774	156,433	102,091	46,368	6,710	424	15,108	2,019	25,957
Pull-Ticket[4]	457	67,390	47,368	5,209			14,813	482	7,494
Total	11,274	$1,462,732	$ 1,097,908	$ 211,320	$ 181,246	$ 443	$ 335,193	9,643	$ 325,186

1 Bingo and pull-ticket licences are generally in effect for two years. Licences for casinos and raffles are generally for a single event.

2 Includes prior year information for raffles with gross sales over $10,000 and current year information for raffles with gross sales under $10,000.

3 Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under $2,500.

4 Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold at all other locations. 2007-08 information includes prior year data.



We are accountable for the conduct and management of gaming activities

Our gaming responsibilities include both charitable gaming and provincial gaming activities. Charitable gaming refers to Alberta's unique gaming model for casino table games, pull-ticket sales, raffles, and bingo events under which licensed charitable and religious groups hold fundraising events. Provincial gaming activities include slot machines, VLTs, electronic bingo, and ticket lotteries. We are accountable for the conduct and management of gaming activities and we work with stakeholders and partners to create policies, regulations and educational programs that ensure safe and responsible gambling.

Did you know?

Additional information on charitable gaming in Alberta is available in the Charitable Gaming in Alberta in Review Report. The report is available at **aglc.ca.**

Our unique charitable gaming model

Alberta has a unique, innovative model that provides opportunities for charitable and religious groups to benefit from gaming activities. Non-profit groups across the province earn millions of dollars to support their programs and activities by conducting bingos and casinos (table games), selling pull-tickets, and holding raffles. The funds from charitable gaming stay in the community where they help local communities remain vibrant and attractive for residents and newcomers alike.

Charitable and religious groups conducting a casino event keep the proceeds from the table games, less a service fee for the facility operator. In a similar fashion, charities keep all the proceeds they earn from bingos, raffles and pull-ticket sales after operating expenses. Charities also receive a portion of the revenues from slot machines, electronic bingo and Keno.

Almost 12,000 charitable gaming licences issued

In 2008-09, we issued 5,082 charitable gaming licences compared to 4,939 in the previous year representing a three per cent increase over the previous year. An additional 6,791 licences were issued by Alberta registry agents on our behalf.

	2008-09	2007-08	2006-07	2005-06	2004-05
CHARITABLE GAMING LICENCES ISSUED					
Bingo	1,057	1,027	1,265	1,262	1,371
Casino	3,471	3,424	3,259	2,904	2,893
Pull-Ticket	283	198	295	228	314
Raffles over $10,000	271	290	296	327	294
Raffles under $10,000[1]	6,791	6,326	6,339	–	–
Total Charitable Gaming Licences Issued	11,873	11,265	11,454	4,721	4,872

1 Licences for raffles under $10,000 are issued from Alberta registry agents on behalf of the Alberta Gaming and Liquor Commission. Data for raffle licences under $10,000 for 2005-06 and 2004-05 is unavailable.

Charitable gaming facilities

On March 31, 2009, there were 24 charitable casino facilities and 34 licensed bingo facilities in Alberta.

	2008-09	2007-08	2006-07	2005-06	2004-05
LICENSED BINGO FACILITIES					
Association Bingo Facilities	33	40	43	46	52
Private Operator Bingo Facilities	1	2	1	1	0
Total Licensed Bingo Facilities	34	42	44	47	52
CHARITABLE CASINO FACILITIES					
Traditional Casinos	19	19	18	17	16
First Nations Casinos	5	4	1	0	0
Total Charitable Casino Facilities	24	23	19	17	16

Free training sessions for charitable gaming licensees

GAIN
Gaming Information for Charitable Groups

We conduct free information sessions throughout Alberta as a service to charitable groups. The **Ga**ming **In**formation for Charitable Groups (GAIN) program provides information about the responsibilities and requirements of conducting licensed gaming activities.

The GAIN program offers six different sessions:

1. Overview of charitable gaming licensing;
2. Use of gaming proceeds;
3. Combined charitable gaming licensing and use of proceeds session;
4. Casino;
5. Host First Nations; and
6. Special (e.g. conference and convention presentations) sessions that are available upon request.

During 2008-09, we delivered 197 GAIN sessions to more than 2,700 participants in 41 communities throughout Alberta.

In November 2008, the GAIN program celebrated its fifth anniversary. During the past five years, program facilitators hosted information sessions in 119 communities across Alberta. Over 22,000 participants from over 8,000 charitable organizations accessed gaming information through the GAIN program.

Latest addition to the charitable casino landscape

A new First Nations casino opened in Kananaskis on the Stoney Nakoda First Nation in June 2008. Three first nations are partners in the new the Stoney Nakoda Resort.

To ensure the integrity of the gaming industry, we work closely with all traditional and First Nations applicants who are seeking new gaming facility licences. The licensing process ensures that the growth of gaming is carefully managed and controlled. Applicants must present a detailed business and marketing plan and must also demonstrate that they have considered community impacts. The status of current applications can be found at **aglc.ca.**

We are responsible for the conduct and management of ticket lotteries, slot machines, VLTs and electronic bingo

We conduct and manage ticket lotteries and all electronic gaming devices (slot machines, VLTs, and electronic bingo). These activities are delivered by independent retailers, private operators, and bingo associations under retailer agreements. We supply and maintain the electronic equipment used for ticket lotteries, slot machines, VLTs, and electronic bingo.

Net proceeds from provincial gaming activities (VLTs, slot machines, electronic bingo, and ticket lotteries) are deposited in the Alberta Lottery Fund. Benefiting Alberta communities, the Alberta Lottery Fund supports programs, projects and foundations administered by 14 government ministries. Expenditures from the Alberta Lottery Fund are authorized annually by the Provincial Legislature. We administer and manage the Alberta Lottery Fund to enhance the quality of life for all Albertans. Find out more about the Alberta Lottery Fund at **albertalotteryfund.ca.**

In 2008-09, the Alberta Lottery Fund received proceeds of over $1.5 billion. The details of how these funds were used by the ministries are outlined in their annual reports.

Proceeds to the Alberta Lottery Fund

($ millions)

2008-09	2007-08	2006-07	2005-06	2004-05
$ 1,512	$ 1,615	$ 1,534	$ 1,389	$ 1,260

WOW! During 2008-09, 98% of the over 2,705 GAIN participants rated the session as good or excellent!

2008-09 GAIN Statistics:

2,705 participants attended these 197 sessions:
Charitable gaming licensing sessions: 20
Use of proceeds sessions: 38
Combined sessions: 92 Casino sessions: 37
Host First Nation sessions: 1 Special sessions: 9

Over $1.5 billion raised to support volunteer, public and community-based initiatives

In 2008-09, gross profit from ticket lotteries, slot machines, VLTs and electronic bingo totalled $2.25 billion, compared to $2.34 billion the previous year. Of this amount, costs of commissions for operators and charities and federal payments amounted to $542 million, while our own gaming-related operating costs were $200 million. Over $1.5 billion was transferred to the Alberta Lottery Fund. The following table provides a breakdown for each gaming activity.

	2008-09					2007-08
($ millions)	VLTs	Slot Machines	Electronic Bingo	Lottery Ticket	Total	Total
Revenues	$ 8,884.6	$ 15,495.4	$ 35.7	$ 632.2	$ 25,047.9	$ 26,329.4
Prizes	8,178.8	14,263.8	24.8	327.4	22,794.8	23,993.1
Gross Profit	705.8	1,231.6	10.9	304.8	2,253.1	2,336.3
Commissions/ Federal Payments	113.8	369.8	3.5	54.7	541.8	552.9
Expenses					199.8	168.1
Net Operating Results – transferred to the Alberta Lottery Fund					$ 1,511.5	$ 1,615.3

Ticket lottery highlights

Total revenues from ticket lotteries increased 4.6 per cent in 2008-09, compared to the previous year. Steady consumer support of the Lotto 6/49 game at differing jackpot levels as well as the third highest jackpot in Canadian history helped to achieve another record year. In 2008-09, 51.8 per cent of ticket lottery sales were returned to players as prizes. There were 404 winners of $10,000.00 or more, including 19 winners of $1 million or more.

TICKET LOTTERY SALES

($ thousands)	2008-09	2007-08	2006-07	2005-06	2004-05
Revenues	$ 632,172	$ 604,193	$ 578,252	$ 508,195	$ 454,549
Prizes	327,382	320,722	300,509	258,414	230,965
Gross Profit	304,790	283,471	277,743	249,781	223,584
Commissions/ Federal Payments	54,671	52,276	50,429	44,998	40,406
Net Revenue	$ 250,119	$ 231,195	$ 227,314	$ 204,783	$ 183,178

Protecting consumers

Concerns with the integrity of lottery prize claims in other provinces prompted us, together with the Western Canada Lottery Corporation (WCLC) which operates ticket lottery games for Alberta, Saskatchewan and Manitoba, to initiate a Third Party Review of the WCLC's operations. The review found no evidence of significant concerns with the WCLC's prize claim processes. However, to enhance integrity, beginning in 2007-08, we took steps to strengthen prize claim processes and procedures for the benefit of all players. These enhancements were completed in 2008-09 and included:

- The installation of new ticket lottery terminals, customer display units, and self-serve ticket checkers at every lottery retail location across the province;
- A "tear and return" policy which requires retailers to return all tickets to customers after they are validated and a requirement that all tickets must be signed prior to validation by the retailer;
- A Retailer Code of Conduct which outlines our expectations for retailer conduct;
- A retailer compliance monitoring program which checks that retailers are complying with policies and procedures;
- A progressive discipline program was launched for non-compliant retailers;
- All new lottery ticket retailers must complete a criminal record check prior to receiving a lottery terminal;
- Enhanced training for retailers. All retailers are requested to have two key employees from each site attend formal training provided by the AGLC;
- An enhanced complaint monitoring and investigative process for consumer complaints;
- Enhanced consumer education to make players more aware of the simple steps they can take to ensure they receive the correct prize; and
- An enhanced interview process for winners over $1,000.

We have a Hotline for all customer ticket lottery complaints (1-800-561-4415). All complaints are investigated.

New Ticket Lottery Terminal Conversion Facts:

Over 6,322 person-hours were spent by technicians and trainers over the seven month span of the project.

It took an average of 2.72 hours to train and install each of the 2,331 locations.

Technicians and trainers traveled over 175,000 kilometers over the span of the project.

If you add all those kilometers together, one person could have driven back and forth between Victoria, British Columbia and St. John's, Newfoundland 11 times via the Trans-Canada Highway.

The coldest temperature recorded during the install was minus 51 degrees C, on Monday, January 28, 2008 in Fort McMurray, Alberta.

Introduction of new ticket lottery terminals

In November 2007, we began installing new ticket lottery terminals in all retail locations across the province. The new terminals replaced terminals that had been in the field for 13 years. Referred to as the Ticket Initiative Terminal and Network (TITAN) within the AGLC, the new terminals resulted in significant changes for consumers and lottery ticket retailers.

The new terminals feature customer display units (CDUs) with full-motion graphics that display the time and date and advertise upcoming jackpots. The bottom area of the CDUs displays a validation message that allows the customers to see if their ticket is a winner or not. If the ticket is a winner, customers will hear a "Woo-Hoo!".

The terminals also offer a number of new features which make it easier for the lottery ticket retailer to process customer ticket requests and provide better service. As part of the project, self-serve ticket checkers were also installed at all retailer locations across the province that allow customers to easily check their own tickets. All on-line tickets (for example, Lotto 6/49 and Super 7) and over 95 per cent of scratch and win tickets can be checked through the self-serve ticket checkers.

The TITAN project was completed on May 14, 2008.

Ticket lottery products available at over 2,300 retailers

In 2008-09, Albertans could buy nine different types of ticket lottery products at 2,392 lottery ticket centres. They could also play Keno at 21 bingo halls, 13 casinos, and 48 Video Gaming Entertainment Rooms (VGERs).

	2008-09	2007-08	2006-07	2005-06	2004-05
Lottery Ticket Centres	2,392	2,342	2,310	2,280	2,173
Bingo halls offering Keno	21	25	28	26	27
Casinos offering Keno	13	12	12	9	0
Video Gaming Entertainment Rooms offering Keno	48	47	50	46	0
Total Keno Facilities	82	84	90	81	27

TICKET LOTTERY SALES

($ thousands)	2008-09	2007-08	2006-07	2005-06	2004-05
TICKET TYPE					
Lotto 6/49	$ 227,613	$ 211,105	$ 184,633	$ 165,725	$ 154,268
Instant	162,450	162,425	152,897	134,212	110,932
Super 7	70,366	61,487	77,926	37,499	64,964
Extra	65,587	62,245	61,257	56,138	47,502
Sport Select	47,726	44,764	43,781	39,641	32,216
Western 6/49	32,450	30,791	31,513	30,586	25,518
Pick 3	13,639	13,221	12,529	12,029	11,249
Millionaire Life	5,177	6,061	9,602	–	–
Pay Day	3,842	8,135	–	–	–
Keno	3,322	3,959	4,114	2,365	1,603
The Plus	–	–	–	–	6,297
Total	$ 632,172	$ 604,193	$ 578,252	$ 508,195	$ 454,549

Slot machine highlights

Total revenues from slot machines increased 2.4 per cent in 2008-09 to nearly $15.5 billion, compared to $15.1 billion the previous year. Traditional charities and Host First Nation licensed charities receive a 15 per cent commission on gross profit from slot machines during their casino events. Traditional casino operators, Host First Nations (casino facility operator) and Racing Entertainment Centre operators also earn a 15 per cent commission. The remaining 70 per cent is transferred to the Alberta Lottery Fund after our operating costs are deducted.

($ thousands)	2008-09	2007-08	2006-07	2005-06	2004-05
Revenues	$ 15,495,445	$ 15,129,177	$ 12,618,563	$ 11,036,721	$ 10,351,241
Prizes	14,263,804	13,927,249	11,620,738	10,172,734	9,570,545
Gross Profit	1,231,641	1,201,928	997,825	863,987	780,696
Commissions/ Federal Payments	369,783	361,323	298,627	258,388	232,923
Net Revenue	$ 861,858	$ 840,605	$ 699,198	$ 605,599	$ 547,773

New electronic table games introduced

Beginning in July 2008, we began trialling some new electronic games into casinos that play like table games. Some of the new games include Blackjack, Poker, and Roulette.

Approximately 500 slot machine games available across Alberta

Slot machines feature many different games and levels of prizes. We regularly introduce new games and change the mix of games in response to player demand.

At March 31, 2009, there were approximately 500 game titles available.

	2008-09	2007-08	2006-07	2005-06	2004-05
NUMBER OF SLOT MACHINES					
Casinos					
Edmonton	4,145	3,976	3,808	2,556	2,369
Calgary	4,528	4,188	3,429	3,306	2,179
Other	3,171	2,860	2,160	2,047	1,843
Racing Entertainment Centres (RECs)	836	835	835	749	624
Total	12,680	11,859	10,232	8,658	7,015

Video lottery terminal highlights

Total revenues from video lottery terminals decreased 15.8 per cent in 2008-09 to $8.9 billion, compared to $10.6 billion the previous year. The AGLC pays a 15 per cent commission on gross profit to VLT retailers for the services provided. The remaining 85 per cent is transferred to the Alberta Lottery Fund after our operating costs are deducted.

($ thousands)	2008-09	2007-08	2006-07	2005-06	2004-05
Revenues	$ 8,884,631	$ 10,553,986	$ 11,074,490	$ 10,453,890	$ 9,588,386
Prizes	8,178,842	9,716,012	10,198,209	9,625,637	8,829,161
Gross Profit	705,789	837,974	876,281	828,253	759,225
Commissions/ Federal Payments	113,850	135,203	141,215	133,488	124,161
Net Revenue	$ 591,939	$ 702,771	$ 735,066	$ 694,765	$ 635,064

18 per cent reduction in VLT locations since 2001

According to government policy, there can be no more than 6,000 VLTs operating in Alberta. At March 31, 2009, there were 5,964 VLTs operating at 1,030 retail locations across the province. Seventy of these retail locations were Video Gaming Entertainment Rooms (VGERs). VLT retailers are allowed to have between two to ten VLTs, while VGERs, which have higher facility standards, may have up to 25 VLTs.

In response to Albertans' preference to reduce the availability of electronic gaming terminals in the province, we have successfully reduced the number of VLT locations by 18 per cent since 2001, with a focus on consolidating terminals in Video Gaming Entertainment Rooms (VGERs).

	2008-09	2007-08	**2006-07**	2005-06	**2004-05**
Number of installed and operating VLTs	5,964	5,986	5,981	5,981	5,978
VLT retail locations	1,030	1,051	1,060	1,079	1,110
Video Gaming Entertainment Rooms (VGERs) (included in total retail locations above)	70	67	61	53	47

Bingo Alberta

We have fostered a positive working relationship with Bingo Alberta, the industry association representing licensed bingo facilities throughout Alberta. This relationship has been facilitated by the strength of the Bingo Alberta Board and the diligent efforts of the industry. Bingo Alberta has set an agenda for the survival of the industry, and we are pleased with the opportunity to be part of that.

Electronic bingo highlights

Total revenues from electronic bingo decreased 15.0 per cent in 2008-09 to $35.7 million, compared to $42.0 million the previous year. Licensed charities receive a 15 per cent commission on gross profit from electronic bingo during their bingo events. Bingo associations and private operators (bingo facility operators) also earn a 15 per cent commission. The remaining 70 per cent is returned to the licensed charities through the Alberta Lottery Fund after AGLC's operating costs are deducted.

($ thousands)	**2008-09**	2007-08	**2006-07**	2005-06	**2004-05**
Revenues	$ 35,718	$ 42,019	$ 36,582	$ 28,188	$ 21,862
Prizes	24,786	29,105	24,510	18,616	14,678
Gross Profit	10,932	12,914	12,072	9,572	7,184
Commissions/ Federal Payments	3,501	4,129	4,085	3,116	2,230
Net Revenue	$ 7,431	$ 8,785	$ 7,987	$ 6,456	$ 4,954

PERFORMANCE RESULTS

We are acutely aware of the **impacts** resulting from our activities and decisions. We are always mindful of this and we evaluate **"what's the right thing to do"** on each occasion. It's about ensuring **transparency** and **accountability** in Alberta's gaming and liquor industries to achieve **maximum benefit** for Albertans.

The Year in Review

Each year, the AGLC reports on its performance relative to a set of performance measures identified in our published Business Plan, which is available on our website at **aglc.ca**.

Why does the AGLC measure performance?

1. **Improved Transparency and Communication**

   Sharing the results of our performance measures with stakeholders and members of the public allows us to communicate what is working well, and what can be improved upon. These results help us to be as transparent as possible in evaluating our performance.

2. **Measuring Results Ensures Accountability**

   By identifying performance measures and targets in our Business Plan and reporting on the results in our Annual Report, we promote accountability at all levels of the organization. It reinforces the message that performance is being monitored.

3. **Supports Good Decision Making**

   By using performance measures results, we are able to make informed decisions based on evidence – as opposed to some organizations that make decisions based on random observations or "gut" feelings.

How did we do?

We met or exceeded our performance targets for 10 of the 15 measures.

The following results exceeded their targets by three per cent or more:

- Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy
- Percentage of charitable gaming financial reports produced within established time frames
- Percentage of Albertans surveyed who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner
- Percentage of retailers satisfied with AGLC services related to VLTs, slot machines and ticket lotteries (includes electronic bingo and Keno retailers)
- Percentage of gaming integrity issues resolved within established timeframes

The following performance measures results did not meet their targets by three per cent or more:

- Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse
- Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling

A detailed analysis of the results is available on pages 44 to 58. A quick summary of results is listed on pages 42 to 43.

CORE BUSINESS 1: License and regulate liquor activities

GOAL 1 — Liquor activities are conducted with integrity and in a socially responsible manner

	Target	2008-09	2007-08	2006-07	2005-06	2004-05
Percentage of liquor licensees who comply with legislation, regulations and policy	95.0%	92.6%	94.5%	95.5%	93.8%	93.3%
Percentage of Albertans surveyed who are satisfied that liquor is provided in a responsible manner	95.0%	92.1%	93.8%	94.5%	93.1%	93.0%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse	90.0%	86.1%	87.0%	93.0%	93.0%	86.0%

GOAL 2 — Liquor licensing activities are effective, efficient and economical

	Target	2008-09	2007-08	2006-07	2005-06	2004-05
Percentage of liquor licences and registrations completed within established timeframes	98.0%	100.0%	100.0%	100.0%	100.0%	99.5%
Percentage of liquor industry clients who are satisfied with the level of service provided by the AGLC	95.0%	94.0%	91.0%	83.0%	94.0%	95.0%

CORE BUSINESS 2: License and regulate charitable gaming activities

GOAL 3 — Charitable gaming activities are conducted with integrity and in a socially responsible manner

	Target	2008-09	2007-08	2006-07	2005-06	2004-05
Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy	95.0%	99.4%	99.4%	99.4%	99.5%	99.5%
Percentage of charitable gaming financial reports produced within established timeframes	85.0%	96.0%	96.7%	85.9%	62.3%	Not Available
Percentage of Albertans surveyed who are satisfied that the charitable gaming activity they participated in was provide fairly and in a responsible manner	95.0%	95.7%	95.7%	94.8%	93.9%	94.8%

GOAL 4 — Charitable gaming licensing activities are effective, efficient and economical

	Target	2008-09	2007-08	2006-07	2005-06	2004-05
Percentage of charitable gaming licences and registrations completed within established timeframes	98.0%	99.6%	99.7%	99.4%	98.9%	98.9%
Percentage of charitable gaming licensees who are satisfied with the level of service provided by the AGLC	95.0%	95.0%	96.0%	94.0%	95.0%	96.0%

CORE BUSINESS 3: Conduct and manage provincial gaming activities

GOAL 5 — The availability and delivery of provincial gaming products and activities are balanced with consumer demand, social responsibility, and economic benefit to Albertans

	Target	2008-09	2007-08	2006-07	2005-06	2004-05
Percentage of Albertans satisfied with the availability of gaming products and activities	70.0%	72.2%	74.0%	73.0%	70.0%	72.0%
Percentage of Albertans surveyed who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner	85.0%	89.9%	92.4%	90.8%	90.0%	89.6%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling	90.0%	81.0%	83.0%	89.0%	89.0%	83.0%

GOAL 6 — Gaming operations are effective, efficient, economical and conducted with integrity

	Target	2008-09	2007-08	2006-07	2005-06	2004-05
Percentage of retailers satisfied with AGLC services related to VLTs, slot machines and ticket lotteries*	95.0%	98.0%	99.0%	98.0%	99.0%	97.0%
Percentage of gaming integrity issues resolved within established timeframes	93.0%	99.2%	92.7%	93.1%	90.0%	95.4%

*Includes electronic bingo and Keno retailers.

GOAL 1 — Liquor activities are conducted with integrity and in a socially responsible manner

PERFORMANCE MEASURE: Percentage of liquor licensees who comply with legislation, regulations and policy.

It's our responsibility to ensure liquor licensees meet standards laid out in the *Gaming and Liquor Act*, Gaming and Liquor Regulation, and our policies. Our staff monitor the operations of licensed premises by conducting inspections, investigations and audits. We also strive to build relationships with our stakeholders and clients by conducting training seminars for staff of licensed premises.

In 2008-09, AGLC inspectors conducted 33,117 inspections – this works out to almost 91 inspections a day! As a result of these inspections, 481 liquor licensees were issued a penalty.

When an inspector visits a licensed premises and detects an infraction, s/he files an incident report which documents the alleged violation. Typically, incident reports filed for non-compliant liquor establishments address the following:

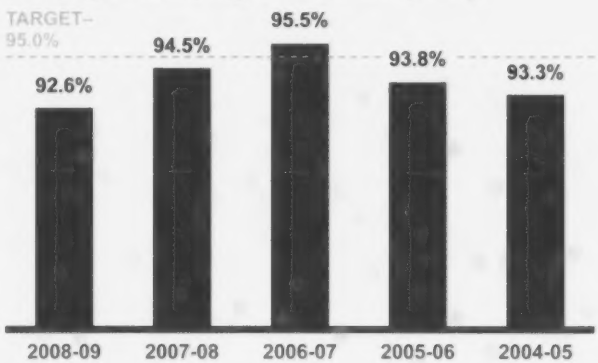
- Failing to request proof of age from patrons who appear to be under 25 years of age
- Selling liquor to minors or allowing minors in age-restricted facilities
- Serving liquor to intoxicated patrons
- Serving liquor after hours
- Failing to provide proper supervision and control (e.g., not having enough staff on duty and/or employing staff who are not properly trained to deal with situations that might occur in a licensed premise)
- Selling illegal liquor

Depending on the violation, disciplinary action can range from a warning to a monetary penalty. Occasionally, a liquor licensee may have their liquor licence suspended or cancelled.

When this occurs, the licensee may appeal the decision. In this case, the licensee appears before the Board of the AGLC for a hearing. In 2008-09, the AGLC Board held 25 liquor-related hearings, slightly more than the 23 hearings held in 2007-08.

Based on the average number of licences during the year, the vast majority of licensees — 92.6 per cent — met the requirements for compliance. While this result did not meet the target of 95.0 per cent, the percentage of penalties issued is quite small in comparison to the number of inspections conducted. We take our regulatory role very seriously and will continue to work with our stakeholders and clients towards achieving the highest level of compliance possible.

Percentage of liquor licensees who comply with legislation, regulations and policy.



Notes:

- Licensees consist of five different classes of liquor licences, as well as registrants and Special Event licences.
- In 2008-09, 88% of all licensees were inspected. The percentage of all licensees inspected in 2007-08 was 84%, 74% in 2006-07, and 72% in 2005-06.
- Cautions (verbal warnings) are not included in the results.

Source: Stakeholder Database. Report generated using the AGLC Regulatory Integrity Compliance and Education (RICE) system.

	2008-09	2007-08	2006-07
Average number of licensees	6,489	6,449	6,425
Number of licensees who received penalties	481	353	286

PERFORMANCE MEASURE: Percentage of Albertans surveyed who are satisfied that liquor is provided in a responsible manner.

In the province of Alberta, individuals 18 years of age or older can purchase liquor at liquor stores or at other licensed premises, such as restaurants, lounges or bars. We work collaboratively with stakeholders and clients to encourage the responsible sale and consumption of liquor in the province. To determine whether or not this goal is being achieved, we monitor Albertans' satisfaction with the provision of liquor.

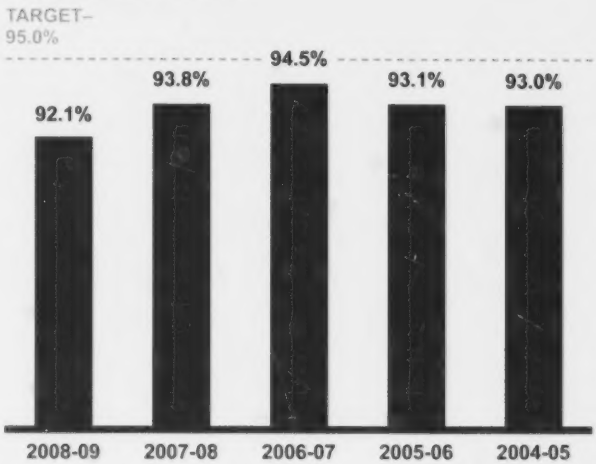
Each year, public satisfaction is measured through a survey of a representative sample of Albertans (1,004). The survey is administered by a third party survey firm on behalf of the AGLC. To ensure a random and representative sample, participants were drawn from the most recent residential phone listings. The latest Statistics Canada population estimates were used to ensure results were proportionate to Alberta's population. There is a 95 per cent certainty that the results are accurate to ±3.1 per cent. This is considered to be an industry standard. Respondents were provided with the option of completing the survey on the Internet, however, no one chose to do so.

In 2008-09, 92.1 per cent of respondents were 'very satisfied', 'satisfied', or 'somewhat satisfied' that liquor is provided in a responsible manner. While this did not meet the target of 95.0 per cent, an analysis of the data reveals that the result is not statistically different from the results obtained in previous years. Nonetheless, we will continue to monitor this performance measure to ensure satisfaction levels remain high.

The results for this performance measure were obtained by using a weighted average for the following:

- Respondents' level of satisfaction with the sale of liquor in a responsible manner
- Respondents' level of satisfaction with the service of liquor in a responsible manner

Percentage of Albertans surveyed who are satisfied that liquor is provided in a responsible manner.



Source: 2008-09 Survey of Albertans – Leger Marketing

PERFORMANCE MEASURE: Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.

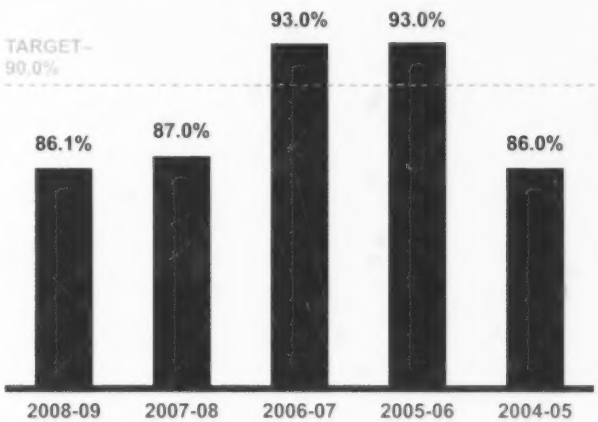
Statistics show that the majority of Albertans - about three quarters - drink alcohol. Most do not have any concerns with their drinking[1]. However, we are committed to working with stakeholders like Alberta Health Services to ensure that individuals who need assistance are aware of the prevention and treatment programs available to them.

In order to measure awareness, we conduct an annual survey of a representative sample of Albertans (1,004 Albertans). The survey is administered by a third party survey firm on behalf of the AGLC. To ensure a random and representative sample, participants were drawn from the most recent residential phone listings. The latest Statistics Canada population estimates were used to ensure results were proportionate to Alberta's population. There is a 95 per cent certainty that the results are accurate to ±3.1 per cent. This is considered to be an industry standard. Respondents were provided with the option of completing the survey on the Internet, however no one chose to do so.

1 Source: AHS website: **aadac.com/87_137.asp.**

In 2008-09, 86.1 per cent of respondents indicated that they have heard, seen or read material related to the prevention and treatment programs for alcohol abuse. This result is similar to the results obtained last year. Given the target for this performance measure is 90.0 per cent, we will continue to work with stakeholders to educate Albertans about the resources available to them.

Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.



Source: 2008-09 Survey of Albertans – Leger Marketing

"By working with industry and public partners, we can raise the standards of behaviour regarding alcohol consumption in Alberta. Together, we can create a culture of moderation that shows it is not necessary to drink to excess to have a good time."

Eric Baich, Manager Social Responsibility (Liquor)

GOAL 2 — Liquor licensing activities are effective, efficient and economical

PERFORMANCE MEASURE: Percentage of liquor licences and registrations completed within established timeframes.

We are committed to service excellence and we strive to provide our thousands of clients with timely and courteous service. One of the many services provided by the AGLC involves the licensing of all premises at which there is the manufacture, storage or service of liquor. We also register individuals and companies who represent liquor suppliers in the sale of the supplier's liquor.

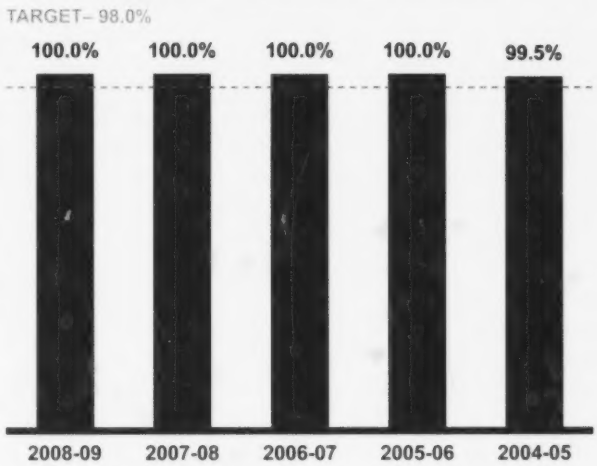
The number of licences and registrations in effect varies from month to month. As of March 31, 2009, there were 8,140 licences in effect (compared to 8,146 at March 31, 2008).

The timeframe for processing liquor licences and registrations is measured in days. It is calculated from the date a complete application is received by us to the date the required licence or registration is issued.

Different types of applications require different levels of approval and as a result, some applications may take longer than others to process. As such, we have customized target response times to the type of application. Our performance with regard to application processing is expressed as the percentage of applications processed within established timeframes.

The results indicate that 100 per cent of a total of 1,811 liquor licences and registrations were completed within the target timeframes. This continues a trend of excellent results for this particular performance measure. We are able to achieve continued good results by ensuring staff are cross-trained and able to process different types of licences and applications, allowing supervisors to redirect staff to busier streams as needed.

Percentage of liquor licences and registrations completed within established timeframes.



Source: Licensing Management System

	2008-09			2007-08	
CATEGORY	Target Response Time	Totals Processed	Processed within Target Timeframe	Totals Processed	Processed within Target Timeframe
New Licences	21 days	963	100%	1,033	100%
Special Event Licences	14 days	811	100%	851	100%
Liquor Agency Registrations	7 days	37	100%	40	100%
Totals		1,811	100%	1,924	100%

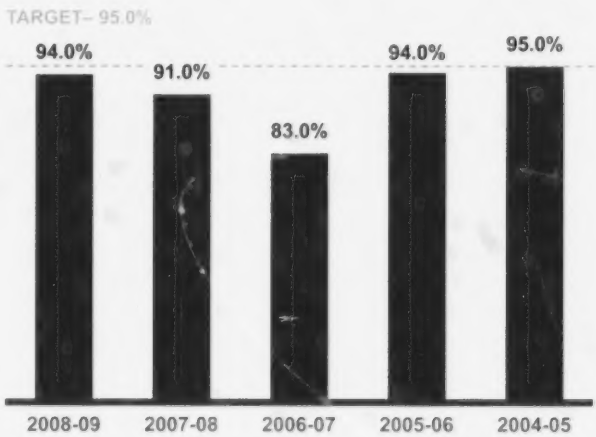
PERFORMANCE MEASURE: Percentage of liquor industry clients who are satisfied with the level of service provided by the AGLC.

We are committed to a culture of continuous improvement and thus contact our clients annually to determine what is working well, and what can be improved upon.

Client satisfaction was measured through an independently administered telephone survey of a random sample of 364 of 6,436 liquor licensees and 159 of 297 registered liquor agencies. The results were weighted to reflect the relative size of these two subgroups within the liquor industry. There is a 95 per cent certainty that the results are accurate within ±4.1 per cent. This is considered to be an industry standard.

Respondents were asked to rate their satisfaction with AGLC services received in the previous 12 months. The survey found that 94.0 per cent of respondents were 'very satisfied', 'satisfied' or 'somewhat satisfied' with the overall services provided. While this result does not quite meet the target of 95.0 per cent, it represents a significant improvement over the previous year's result. The AGLC will continue to work with clients and stakeholders to ensure it continues to provide high quality service.

Percentage of liquor industry clients who are satisfied with the level of service provided by the AGLC.



Source: 2008-09 Survey of Liquor Industry Clients – Leger Marketing

GOAL 3

Charitable gaming activities are conducted with integrity and in a socially responsible manner.

PERFORMANCE MEASURE: Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy.

It's our responsibility to ensure that charitable gaming activities (bingos, casino table games, pull-tickets and raffles) meet standards laid out in the *Gaming and Liquor Act*, Gaming and Liquor Regulation, and our policies. Our staff take this commitment very seriously and ensure compliance by inspecting licensed gaming facilities and events. Inspection types and frequencies differ for different kinds of charitable gaming activities and consist of operational, maintenance and site visits.

Compliance of charitable gaming activities is measured by the number of inspections resulting in penalties generated as a result of AGLC inspections of licensed gaming facilities and events.

Most times, an incident report will be handed out in the same year it was issued. However, we occasionally encounter situations where the incident report is issued in the prior year and the penalty is handed out in the current year. For example, an incident report generated in 2007-08 with a penalty handed out in 2008-09 is included as part of the 2008-09 result.

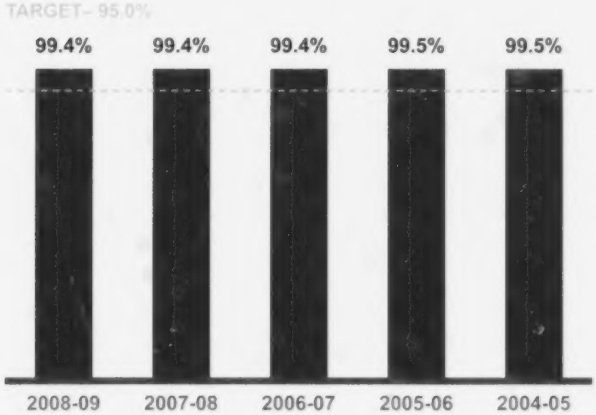
While most charitable gaming activities are in compliance with legislation, regulation and policy, sometimes AGLC staff encounter non-compliant gaming operations. Typical instances of non-compliance include:

- Using gaming proceeds for inappropriate purposes
- Conducting raffles or pull-ticket sales in contravention of licence terms

In 2008-09, charitable gaming inspections totalled 5,140. That works out to 14 inspections per day! Only 30 inspections resulted in penalties, representing approximately 0.6 per cent of the total number of inspections.

In nearly all cases, inspectors found charitable gaming activities to be in compliance with legislation and policy.

Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy.



Source: Stakeholder Database. Report is generated using the AGLC Regulatory Integrity Compliance and Education (RICE) System.

"GAIN program participants consistently tell us that the face to face training is of great value to them. We are proud to serve Alberta's charitable groups in their communities"

Laurie Pedersen, GAIN Supervisor

Charitable Gaming Compliance Statistics

	2008-09	2007-08	2006-07	2005-06
Inspections Conducted	5,140	4,888	4,910	4,979
Inspections Resulting in Penalties	30 (0.6% of all licensees)	31 (0.6% of all licensees)	28 (0.6% of all licensees)	26 (0.5% of all licensees)
Compliance Rate	99.4%	99.4%	99.4%	99.5%

PERFORMANCE MEASURE: Percentage charitable gaming financial reports produced within established timeframes.

By producing gaming financial reports, we ensure that groups participating in charitable gaming utilize the proceeds from these events for charitable or religious purposes. Charities that spend gaming proceeds for purposes that have not been approved are required to return these amounts to their gaming accounts. Financial reporting procedures apply to gaming event revenue and expenses and to the use of charitable gaming funds.

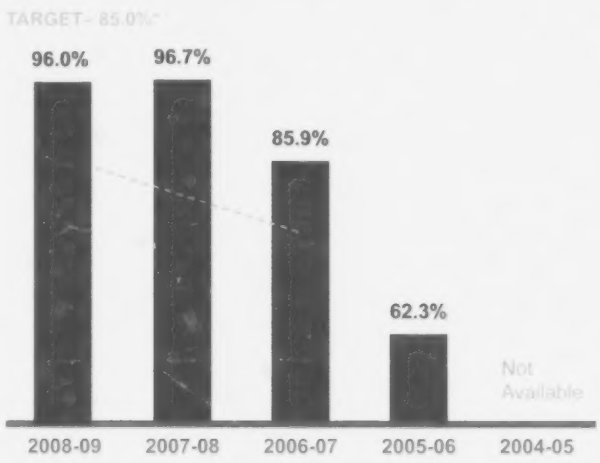
Charitable gaming financial reports are prepared by us and provided back to the charitable and religious organizations for review and verification. The timeframe for preparing charitable gaming financial reports is measured in days, calculated from the end date (or anniversary date for multi year gaming licences) of the charity's gaming licence or the anniversary date of their gaming consolidated report.

Our Financial Gaming Review System tracks charitable gaming financial reports and automatically generates a target response time based on the type of report required. Different kinds of reports take different amounts of time to complete. The system tracks expected and actual report completion dates.

This performance measure is calculated by dividing the number of financial reports mailed on time by the total number of financial reports. For 2008-09, financial reports were produced within established timeframes 96.0 per cent of the time.

The result is 11.0% above the target of 85.0%. The results for this performance measure continue to exceed the target as we benefit from improved processes and procedures established two years ago.

Percentage charitable gaming financial reports produced within established timeframes.



Source: AGLC Performance Measures Audit Details Report
*Target was 80.0% in 2007-08.

Report response times for different gaming categories

CATEGORY	Target Response Time	2008-09 Totals Processed	2008-09 Processed within Target Timeframe	2007-08 Totals Processed	2007-08 Processed within Target Timeframe
Licensed Bingo Facility Bingos	10 weeks	1,654	1,514 (91.6%)	1,734	1,692 (97.6%)
Community Bingos	10 weeks	225	181 (80.4%)	295	224 (75.9%)
Casinos	20 weeks	3,447	3,429 (99.5%)	3,301	3,278 (99.3%)
Pull-Tickets	10 weeks	437	396 (90.6%)	470	417 (88.7%)
Raffles	10 weeks	273	270 (98.9%)	296	286 (96.6%)
Consolidated Gaming Funds Financial Reports	10 weeks	453	442 (97.6%)	484	462 (95.5%)
Totals		6,489	6,232 (96.0%)	6,580	6,359 (96.7%)

PERFORMANCE MEASURE: Percentage of Albertans surveyed who are satisfied that the charitable gaming activity they participated in was provided fairly and in a responsible manner.

It's our responsibility to ensure that charitable gaming activities in the province are conducted with the utmost integrity. To accomplish this, we inspect licensed gaming facilities and events and monitor compliance with legislation, regulation and our policies.

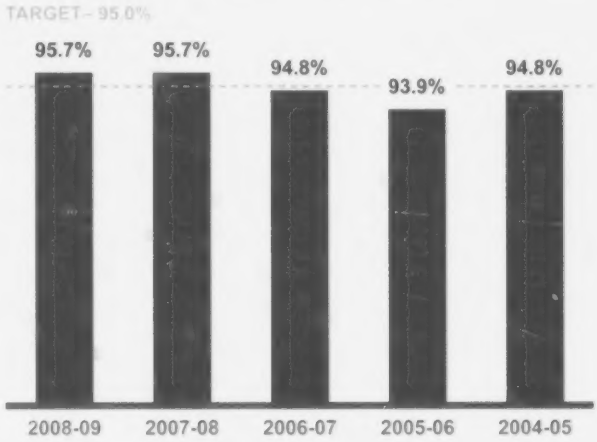
Additionally, we monitor Albertans' satisfaction with the fairness and level of responsibility with which charitable gaming activities were provided. If players encountered gaming irregularities while participating in charitable gaming activities, overall levels of satisfaction would likely decline.

Public satisfaction was measured through an independently administered survey of a representative sample of Albertans (1,004 Albertans). To ensure a random and representative sample, participants were drawn from the most recent residential phone listings. The latest Statistics Canada population estimates were used to ensure results were proportionate to the population. There is a 95 per cent certainty that the results are accurate to ±3.1 per cent. This is considered to be an industry standard. Respondents were provided with the option of completing the survey on the Internet, however no one chose to do so.

Results show that 95.7 per cent of respondents were 'very satisfied', 'satisfied', or 'somewhat satisfied' that the charitable gaming activity they participated in was provided both fairly and responsibly. This result meets the target of 95.0 per cent and is the same as last year's result.

Percentage of Albertans surveyed who are satisfied that the charitable gaming activity they participated in was provided fairly and in a responsible manner.

Source: 2008-09 Survey of Albertans – Leger Marketing



"I appreciate the dedication AGLC staff continuously show to our stakeholders. We regularly receive feedback expressing gratitude for the assistance provided and the promptness of our responses. We are committed to maintaining a high standard of service while respecting the uniqueness and diversity of our stakeholders."

Darrell Skarban, Manager, Financial Review

GOAL 4 — Charitable gaming licensing activities are effective, efficient and economical.

PERFORMANCE MEASURE: Percentage of charitable gaming licences and registrations completed within established timeframes.

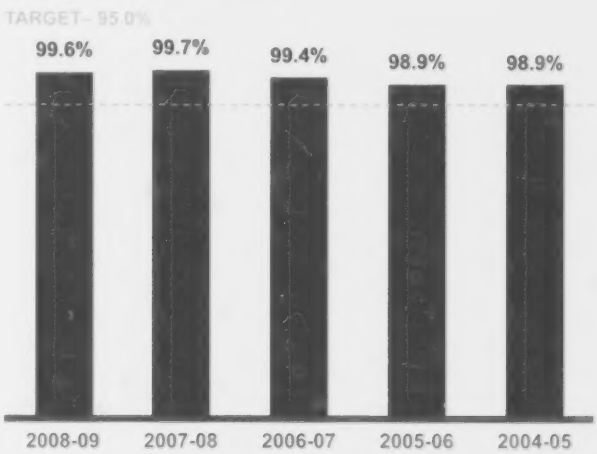
We attempt to process all charitable gaming licences and registrations within a specified period of time to meet the expectations of the thousands of charitable and religious groups we serve on an ongoing basis. This performance measures addresses the degree to which we accomplish this goal.

In Alberta, charitable and religious groups must apply for and receive licences to hold casino events, bingos, raffles, and pull-ticket sales. Also, we ensure gaming workers paid to help licensees in either operating a facility or conducting gaming activities are registered by the AGLC.

The timeframe for processing gaming licences and registrations is measured in days calculated from the date a complete application is received by us to the date the required licence or registration is issued. Different types of applications require different levels of approval and some applications may take longer than others to process. These types of applications would have longer timeframes. Our performance with regard to application processing is expressed as the percentage of applications processed within established timeframes.

During 2008-09, 99.6 per cent of the 12,212 applications for gaming licences and registrations were processed within targeted timeframes, compared to last year's result of 99.7 per cent for 12,196 applications. These continued good results stem from an adjustment that was made to the way applications are managed internally. As a result of the changes, an Eligibility Unit first determines if an application meets eligibility requirements and then forwards the application to the appropriate staff, enhancing efficiency.

Percentage of charitable gaming licences and registrations completed within established timeframes.



Source: Gaming Licensing System and Gaming Registration System.

		2008-09		2007-08	
CATEGORY	Target Response Time	Totals Processed	Processed within Target Timeframe	Totals Processed	Processed within Target Timeframe
Bingo Licences	12 weeks	1,057	99.9%	1,027	99.9%
Casino Licences	12 weeks	3,471	98.9%	3,424	99.0%
Pull-Ticket Licences	4 weeks	283	96.8%	198	98.0%
Raffle Licences	8 weeks	271	99.6%	290	100%
Gaming Worker Registrations	6 weeks	7,130	100.0%	7,257	100%
Totals		12,212	99.6%	12,196	99.7%

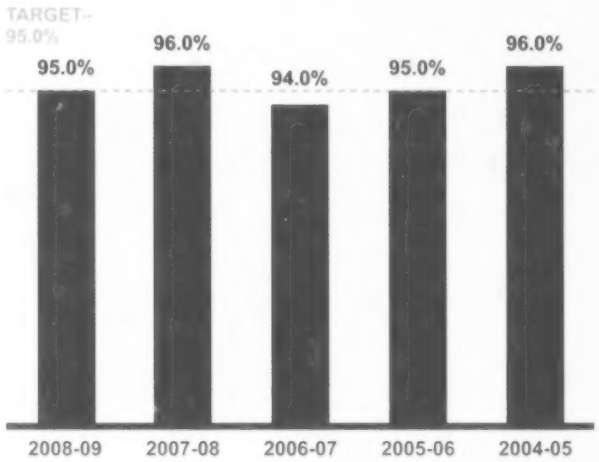
PERFORMANCE MEASURE: Percentage of charitable gaming licensees who are satisfied with the level of service provided by the AGLC.

We endeavour to provide charitable gaming licensees with exceptional customer service. In order to gauge client satisfaction, charitable gaming licensees are surveyed each year to determine what is working well, and what can be improved upon. Clients are asked to rate their satisfaction with AGLC services in the previous 12 months.

Client satisfaction was measured by an independently administered survey of a randomly selected representative sample of charitable gaming licensees. The sample included 318 of 1,696 bingo licensees, 358 of 3,177 casino licensees, 217 of 479 pull-ticket licensees and 127 of 259 raffle licensees. The survey method ensured that charitable groups holding more than one type of gaming licence were surveyed only once. The results were weighted to reflect the relative size of each subgroup within the overall population of charitable gaming licences. There is a 95 per cent certainty that the results are accurate within ±2.8 per cent. This is considered to be an industry standard. A pre-notification letter was sent out to the raffle licensees with the intent to increase the survey response rate. The letter included a link to access the survey on the Internet, and all other respondents contacted over the telephone were also offered the option to complete the survey on the Internet online. Due to the Internet questionnaire being identical to that of the questionnaire used over the telephone, and a careful analysis that deemed telephone and Internet responses to be similar, both telephone and Internet results are presented together.

Overall, 95.0 per cent of respondents indicated that they were satisfied with AGLC service, meeting the target of 95.0 per cent. We continuously remind our employees about the importance of customer service and these consistently high levels of satisfaction demonstrate our success with this endeavour.

Percentage of charitable gaming licensees who are satisfied with the level of service provided by the AGLC.



Source: 2008-09 Survey of Albertans – Leger Marketing

"We believe we have a responsibility to educate people who choose to gamble. Our many responsible gambling programs and initiatives educate people on how a slot or a VLT work; about the various table games; what are the odds and what exactly does that mean; what is house advantage; and what are the myths and pitfalls and provide tips on how to keep from exceeding their limits. People who are educated about the activity they are participating in are far more likely to make wise choices. Remember… ALWAYS! Set a limit, Stay within it."

Pat Sheptycki, Manager Social Responsibility (Gaming)

GOAL 5

The availability and delivery of provincial gaming products and activities are balanced with consumer demand, social responsibility, and economic benefit to Albertans.

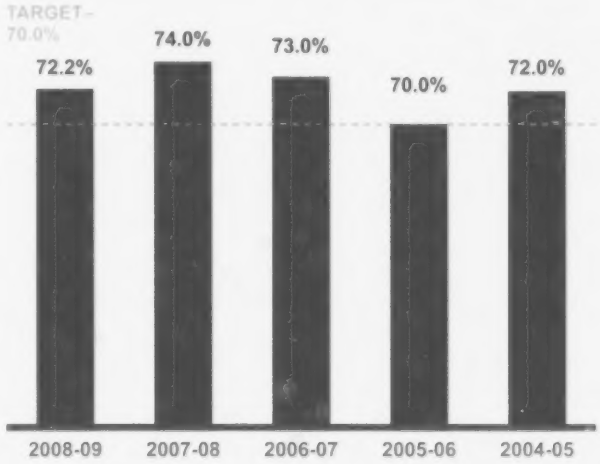
PERFORMANCE MEASURE: Percentage of Albertans satisfied with the availability of gaming products and activities.

The availability of gaming products and activities in Alberta is constantly monitored to ensure that the right balance is in place. As part of those monitoring activities, we survey Albertans on a yearly basis.

Public satisfaction was measured through an independently administered survey of a representative sample of 1,004 Albertans. To ensure a random and representative sample, participants were drawn from the most recent residential phone listings. The latest Statistics Canada population estimates were used to ensure results were proportionate to the population. There is a 95 per cent certainty that the results are accurate to ±3.1 per cent. This is considered to be an industry standard. Respondents were provided with the option of completing the survey on the Internet, however no one chose to do so.

72.2 per cent of respondents were 'very satisfied', 'satisfied' or 'somewhat satisfied' with the availability of gaming products and activities. This exceeds the target of 70 per cent and is similar to the results obtained over the past five years. Based on these continued good results, we are confident that most Albertans are satisfied with the balance of gaming in the province.

Percentage of Albertans satisfied with the availability of gaming products and activities.



Source: 2008-09 Survey of Albertans – Leger Marketing

PERFORMANCE MEASURE: Percentage of Albertans surveyed who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner.

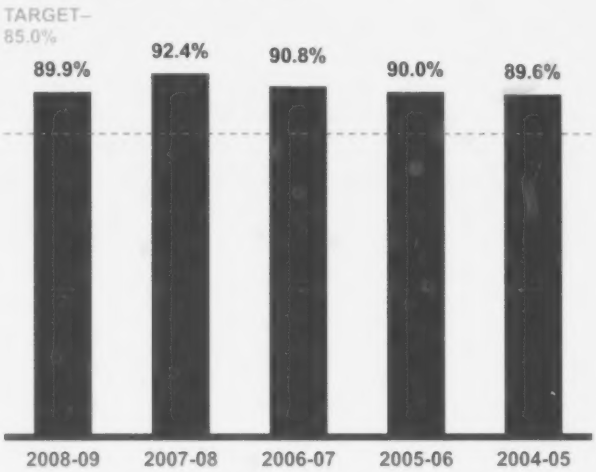
We are responsible for ensuring the integrity of ticket lotteries, slot machines, VLTs and electronic bingo.

It is important that these provincial gaming activities are provided in compliance with legislation, regulation and our policies. We measure and report on compliance, but also regularly monitor Albertans' satisfaction with provincial gaming activities. In fact, we ask Albertans if they feel these activities were provided fairly and responsibly.

Public satisfaction was measured through an independently administered survey of a representative sample of 1,004 Albertans. To ensure a random and representative sample, participants were drawn from the most recent residential phone listings. The latest Statistics Canada population estimates were used to ensure results were proportionate to the population. There is a 95 per cent certainty that the results are accurate to ±3.1 per cent. This is considered to be an industry standard. Respondents were provided with the option of completing the survey on the Internet, however no one chose to do so.

89.9 per cent of respondents were 'very satisfied', 'satisfied' or 'somewhat satisfied' with the availability of gaming products and activities, exceeding the target of 85 per cent. Based on these continued good results, we are confident that most Albertans are satisfied that provincial gaming activities are provided fairly and in a responsible manner.

Percentage of Albertans surveyed who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner.



Source: 2008-09 Survey of Albertans – Leger Marketing

PERFORMANCE MEASURE: Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.

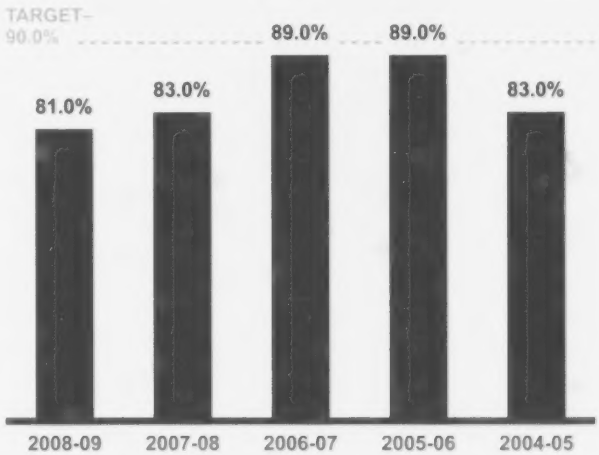
We encourage Albertans to gamble responsibly. On our own and in conjunction with industry partners, we have developed a number of programs and initiatives intended to help gaming licensees and Albertans meet social responsibility requirements set out in legislation, regulation and our policies.

We realize that despite these efforts, some individuals may have problems with their gambling. As such, we work with Alberta Health Services to distribute information regarding the addictions treatment, education and prevention services provided by Alberta Health Services. This performance measure determines the degree to which Albertans are knowledgeable about the existence of these services.

Public satisfaction was measured through an independently administered survey of a representative sample of 1,004 Albertans. To ensure a random and representative sample, participants were drawn from the most recent residential phone listings. The latest Statistics Canada population estimates were used to ensure results were proportionate to the population. There is a 95 per cent certainty that the results are accurate to ±3.1 per cent. This is considered to be an industry standard. Respondents were provided with the option of completing the survey on the Internet, however no one chose to do so.

81.0 per cent of respondents were aware of prevention and treatment programs for problem gambling. While over three-quarters of Albertans are aware of prevention and treatment programs, we will continue to work with Alberta Health Services to promote gambling-related services available to Albertans in an effort to increase awareness even further.

Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.



Source: 2008-09 Survey of Albertans – Leger Marketing

GOAL 6

Gaming operations are effective, efficient, economical and conducted with integrity.

PERFORMANCE MEASURE: Percentage of retailers satisfied with AGLC services related to VLTs, slot machines and ticket lotteries.*

*Includes electronic bingo and Keno retailers.

We respect our clients and strive to provide retailers with timely, courteous and helpful service. To measure how well we are achieving this goal, we survey our lottery ticket operators, casino/slot machine operators, electronic bingo operators, and Keno operators.

To calculate this performance measure, our retailers' Hotline and field repair services for gaming equipment are evaluated. The technicians' work included activities such as installing, removing, maintaining and upgrading gaming equipment.

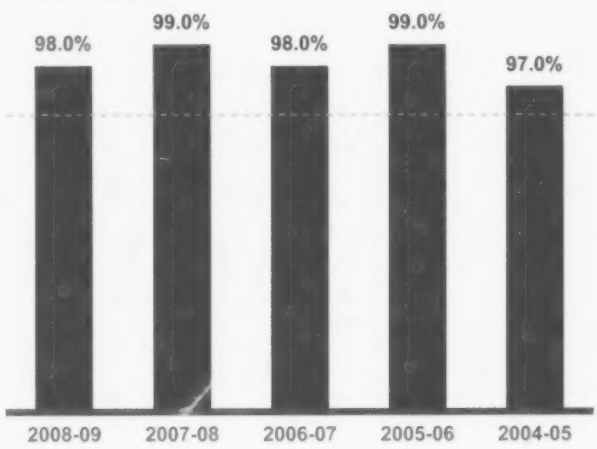
AGLC staff respond to a large volume of calls. Last year alone, staff fielded 108,000 calls to the retailers' Hotline and over 198,000 field technician service calls were made to casinos, Racing Entertainment Centres (RECs), VLT premises and lottery ticket centres across the province, including electronic bingo and Keno. This works out to approximately 838 calls per day!

Retailer satisfaction with these services was measured through an independently administered telephone survey of a sample that included 282 of 1,036 VLT operators, 331 of 2,384 lottery ticket retailers, 19 of 29 casino/slot machine operators, 14 of 35 electronic bingo operators, and 40 of 80 Keno operators. The results were weighted to reflect the relative size of each of the subgroups within the overall population of provincial gaming retailers. There is a 95 per cent certainty that the results are accurate within ±3.4 per cent. This is considered to be an industry standard.

Respondents were asked to rate their satisfaction with AGLC services received in the past 12 months. Almost all respondents (98.0% per cent) were satisfied with the overall service they received, compared to 99.0 per cent the previous year. This continuing high level of satisfaction demonstrates the success of the AGLC's efforts to provide excellent customer service.

In addition to surveying clients every year, we regularly incorporate changes to our business processes and practices to ensure we remain responsive to our clients' needs.

Percentage of retailers satisfied with services related to VLTs, slot machines and ticket lotteries.*



*Includes electronic bingo and Keno retailers.
Source: 2008-09 Survey of Albertans – Leger Marketing

"We meet monthly with casinos and Racing Entertainment Centres (RECs) and quarterly with many VLT retailers. At these meetings their staff have an opportunity to comment on AGLC services. We regularly receive positive feedback, particularly about the quality and timeliness of the services provided by our technicians and Hotline staff."

Gord Matthew, Director, Technical Services

PERFORMANCE MEASURE: Percentage of gaming integrity issues resolved within established timeframes.

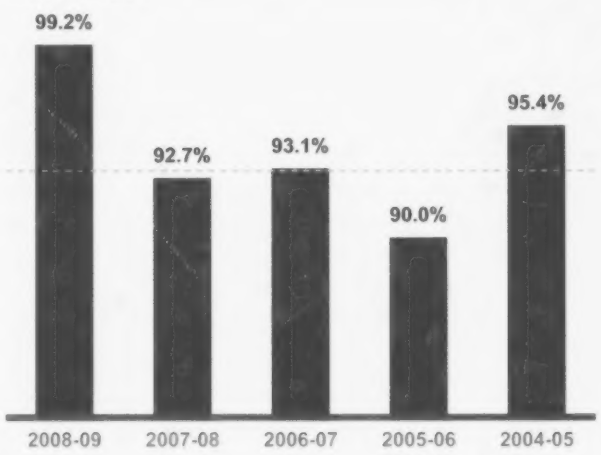
It is important to us that players are satisfied with their gaming experience. We therefore act as quickly as possible to address any perceived gaming integrity issues. The majority of these issues are resolved by AGLC inspectors. Issues that cannot be resolved are forwarded to a special AGLC Response Team. The Response Team's goal is to resolve issues through fair and impartial review within 30 days.

In the past, gaming issues brought to our attention have involved:

- Disputes about the operation of an electronic gaming device;
- Credit disputes involving players or retailers; and
- Perceived illegal or unethical behaviour by gaming retailers or players.

In 2008-09, the AGLC Response Team reviewed 123 issues, compared to 136 last year. Almost all (99.2 per cent) were resolved within 30 days.

Percentage of gaming integrity issues resolved within established timeframes.



Source: AGLC Gaming Products and Services Database

ALBERTA GAMING AND LIQUOR COMMISSION

Financial Statements

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn

Edmonton, Alberta
June 10, 2009

Fred Dunn, FCA
Auditor General

Balance Sheet

At March 31

(thousands of dollars)	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	$ 275,589	$ 242,185
Accounts receivable	18,004	42,579
Prepaid expenses and inventories (Note 4)	16,089	10,896
	309,682	295,660
Property, Plant and Equipment (Note 5)	225,592	238,497
	$ 535,274	$ 534,157
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 163,444	$ 152,833
Due to the Alberta Lottery Fund (Note 7)	80,399	81,023
	243,843	233,856
Due to General Revenues (Note 8)	288,739	297,271
Provision for Loss on Leased Properties (Note 13)	2,692	3,030
	$ 535,274	$ 534,157

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Original signed by

Marguerite J. Trussler
Chairperson of the Board

MANAGEMENT

Original signed by

Gerry McLennan
Chief Executive Officer

Statement of Operations

For the year ended March 31

(thousands of dollars)	Budget 2009	Actual 2009			Actual 2008
	(Note 9)	Provincial Lotteries	Liquor and Other	Total	
REVENUE					
Gaming terminals	$	$ 15,495,445	$ –	$ 15,495,445	$ 15,129,177
Video lottery terminals		8,884,631	–	8,884,631	10,553,986
Liquor		–	2,020,873	2,020,873	1,966,348
Ticket lottery		632,172	–	632,172	604,193
Electronic bingo		35,718	–	35,718	42,019
		25,047,966	2,020,873	27,068,839	28,295,723
PRIZES AND COST OF PRODUCT					
Gaming terminals		14,263,804	–	14,263,804	13,927,249
Video lottery terminals		8,178,842	–	8,178,842	9,716,012
Liquor		–	1,336,314	1,336,314	1,286,096
Ticket lottery		327,382	–	327,382	320,722
Electronic bingo		24,786	–	24,786	29,105
		22,794,814	1,336,314	24,131,128	25,279,184
Gross Profit	2,990,480	2,253,152	684,559	2,937,711	3,016,539
Commissions and Federal Payments (Note 10)	(552,247)	(541,805)	–	(541,805)	(552,931)
Other Income (Note 11)	15,700	–	20,835	20,835	19,601
Operating Expenses (Note 12)	(257,026)	(199,818)	(20,926)	(220,744)	(189,713)
Net Operating Results	$ 2,196,907	$ 1,511,529	$ 684,468	$ 2,195,997	$ 2,293,496

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31

(thousands of dollars)	2009	2008
CASH FROM OPERATIONS		
Net operating results for the year	$ 2,195,997	$ 2,293,496
Decrease in provision for loss on leased properties	(338)	(263)
Amortization	61,814	54,230
(Gain) loss on disposal of property, plant and equipment	(2,151)	348
Net change in non-cash working capital balances	29,993	14,550
	2,285,315	2,362,361
Remittances to the Alberta Lottery Fund	(1,512,153)	(1,612,028)
Remittances to General Revenues	(693,000)	(656,000)
	80,162	94,333
CASH USED FOR INVESTMENT		
Purchase of property, plant and equipment	(49,387)	(89,733)
Proceeds on disposal of property, plant and equipment	2,629	205
	(46,758)	(89,528)
INCREASE IN CASH AND CASH EQUIVALENTS	33,404	4,805
CASH AND CASH EQUIVALENTS, beginning of year	242,185	237,380
CASH AND CASH EQUIVALENTS, end of year	$ 275,589	$ 242,185

The accompanying notes are part of these financial statements.

Notes to the Financial Statements
March 31, 2009

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act,* Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta. It also administers the Alberta Lottery Fund.

Amendments to the *Gaming and Liquor Act,* proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation (WCLC) is accounted for as a joint venture using the proportionate consolidation method. WCLC is a non-profit organization authorized to manage, conduct and operate ticket lottery activities for its members, the governments of Alberta, Saskatchewan and Manitoba. The Yukon Territory, the Northwest Territories and Nunavut participate as associate members. Under the proportionate consolidation method, each participant records their share of WCLC revenues, expenses, assets and liabilities.

Inventories

Gaming parts and supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

NOTE 2 Valuation of Financial Assets and Liabilities

(Cont'd)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method which will reduce the original cost to estimated residual value over the expected useful lives of the assets, as follows:

Buildings and leasehold improvements	40 years or lease term
Gaming systems and equipment	10 years or 3 years
Video lottery and gaming terminals	7 years
Furniture and equipment	10 years or 5 years
Retailer fixtures and signage	5 years
Computer software	3 years
Vehicles	5 years or 3 years

Property, plant and equipment are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Defined contribution plan accounting is used because insufficient information is available to apply defined benefit plan accounting.

Revenue and Expense Recognition

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

Notes to the Financial Statements
March 31, 2009

NOTE 2 Allocation of Operating Expenses (Cont'd)

Operating expenses are allocated against Provincial Lotteries Revenue or Liquor and Other Revenue, based on the nature of the expense.

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Board, on or by January 1, 2011. The Commission will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. The impact of the adoption of these standards is being assessed at this time.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2009, securities held by the Fund have a time-weighted rate of return of 3.0% per annum (March 31, 2008: 4.5% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 PREPAID EXPENSES AND INVENTORIES

(thousands of dollars)	2009	2008
Prepaid expenses	$ 7,997	$ 3,165
Gaming parts	7,366	7,209
Supplies	726	522
	$ 16,089	$ 10,896

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 4,113	$ –	$ 4,113	$ 4,113
Buildings and leasehold improvements	55,804	43,238	12,566	12,531
Gaming systems and equipment	71,211	49,378	21,833	27,437
Gaming terminals	274,686	116,945	157,741	154,962
Video lottery terminals	85,247	66,178	19,069	29,071
Furniture and equipment	37,596	36,357	1,239	1,872
Retailer fixtures and signage	9,306	8,113	1,193	1,219
Computer software	30,239	23,064	7,175	6,450
Vehicles	3,473	2,810	663	842
	$ 571,675	$ 346,083	$ 225,592	$ 238,497

NOTE 6 DEFINED BENEFIT PLANS

(thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,077 for the year ended March 31, 2009 (2008 – $3,343). The Commission's portion of the Western Canada Lottery Corporation pension expense is $534 for the year ended March 31, 2009 (2008 - $725).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of $568,574 (2007 – deficiency of $84,341) and the Public Service Pension Plan reported a deficiency of $1,187,538 (2007 – deficiency of $92,509, as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $7,111 (2007 – surplus of $1,510). The Commission's portion of the Western Canada Lottery Corporation surplus as at March 31, 2009 is $1,348 (2008 – deficiency of $1,266).

NOTE 7 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

(thousands of dollars)	2009	2008
Due to the Alberta Lottery Fund, beginning of year	$ 81,023	$ 77,795
Net operating results, Provincial Lotteries	1,511,529	1,615,256
Remittances to the Alberta Lottery Fund	(1,512,153)	(1,612,028)
Due to the Alberta Lottery Fund, end of year	$ 80,399	$ 81,023

Amounts due to the Alberta Lottery Fund are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 8 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

(thousands of dollars)	2009	2008
Due to General Revenues, beginning of year	$ 297,271	$ 275,031
Net operating results, Liquor and Other	684,468	678,240
Remittances to General Revenues	(693,000)	(656,000)
Due to General Revenues, end of year	$ 288,739	$ 297,271

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

Notes to the Financial Statements
March 31, 2009

NOTE 9 BUDGET

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister responsible for the Commission on recommendation from the Commission Board and becomes part of the fiscal plan of the Government.

NOTE 10 COMMISSIONS AND FEDERAL PAYMENTS

(thousands of dollars)	2009	2008
Commissions		
Gaming terminals:		
– Operators	$ 181,437	$ 177,550
– Charities	173,752	169,379
Video lottery terminals	105,780	125,595
Ticket lottery	43,976	41,689
Electronic bingo	3,280	3,874
	508,225	518,087
Federal Tax Expenses (a)		
Gaming terminals	14,594	14,394
Video lottery terminals	8,070	9,608
Ticket lottery	3,525	3,735
Electronic bingo	221	255
	26,410	27,992
Payment to Federal Government (b)	7,170	6,852
	$ 541,805	$ 552,931

(a) As prescribed by the Games of Chance (GST/HST) Regulations, taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

NOTE 11 OTHER INCOME

(thousands of dollars)	2009	2008
Interest revenue	$ 6,837	$ 9,783
Licences	6,674	5,972
Miscellaneous	2,227	1,442
Gain (loss) on disposal of property, plant and equipment	2,151	(348)
Liquor levies	1,301	1,207
Premises rental revenue	785	782
Retailer service fees	620	619
Fines and violations	240	144
	$ 20,835	$ 19,601

NOTE 12 OPERATING EXPENSES

(thousands of dollars)	2009	2008
Amortization	$ 61,814	$ 54,230
Salaries and benefits	61,460	55,159
Leased gaming terminals	26,079	22,962
Miscellaneous	12,869	1,172
Data communications	10,903	11,991
Media and media production	9,000	8,113
Ticket printing	7,754	7,649
Equipment and vehicles	7,449	7,279
Fees and services	5,797	5,966
Travel and training	3,794	3,341
Data processing	3,685	2,763
Property	3,425	2,345
Freight and product delivery	1,902	1,649
Stationery and supplies	1,833	1,785
Retailer relations	1,459	1,754
Insurance and bank charges	1,247	1,273
Presentations and publications	169	189
Product expense	109	99
Overhead and other	(4)	(6)
	$ 220,744	$ 189,713

Notes to the Financial Statements
March 31, 2009

NOTE 13 COMMITMENTS

The Commission has a number of lease obligations, including regional offices, gaming warehouses and former retail liquor stores that operate under lease arrangements with terms ranging from 1 to 23 years. Most of these former properties have been subleased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

(thousands of dollars)		
Fiscal	2009-10	$ 2,352
	2010-11	1,726
	2011-12	1,624
	2012-13	1,196
	2013-14	179
Balance to expiry		1,390
		$ 8,467

Estimated future revenues to be derived from subleases amount to $3.82 million at March 31, 2009. Provision for loss on leased properties of $2.69 million (2008 - $3.03 million) has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

NOTE 14 CONTINGENCIES

At March 31, 2009, the Commission is a defendant in 14 legal claims (2008 – 9 legal claims) having specified amounts totalling $163 million (2008 – $139 million). Included in the total claims are 12 claims in which the Commission has been jointly named with other entities.

The Commission entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Commission has agreed to pay for certain capital investments up to $6.4 million and would also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2009, the Commission's potential liability is $3.24 million.

The resulting loss, if any, from these claims cannot be determined.

NOTE 15 FUNDS UNDER ADMINISTRATION

The Commission manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Commission and pooled by casino or region over a three month period. The pooled funds earn interest and the Commission deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

(thousands of dollars)	2009	2008
Charitable Proceeds	$ 16,918	$ 14,832
Returned Funds	41	90
Held Charitable Proceeds	146	119
	$ 17,105	$ 15,041

Notes to the Financial Statements
March 31, 2009

NOTE 16 SALARIES AND BENEFITS

(thousands of dollars)	2009				2008
	Base Salary (a)	Other Cash Benefits (b)	Other Non-cash Benefits (c)	Total	Total
BOARD					
Chair (d)	$ 121	$ –	$ –	$ 121	$ 585
Board Members	275	–	–	275	161
EXECUTIVE TEAM					
Senior Official					
Chief Executive Officer (e) (f)	232	64	55	351	641
Management					
Executive Director, Gaming Products and Services	177	65	43	284	268
Executive Director, Corporate Services	177	34	43	254	235
Executive Director, Information Systems	166	32	39	237	212
Executive Director, Liquor Supply and Distribution	166	17	33	216	202
Executive Director, Regulatory (g)	160	34	41	235	172
Executive Director, Human Resources	141	30	33	204	173
Executive Director, Social Responsibility	141	15	34	190	169
Director, Communications (h)	97	10	27	134	–

a) Base salary includes regular base pay.

b) Other cash benefits includes bonuses, vacation payouts, payments in place of pension participation, and lump sum payments.

c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.

d) Beginning December 2007, a part time Chairperson, who is remunerated based on the Committee Remuneration Order, heads the Board of the AGLC. Until his retirement on November 30, 2007, the Board was headed by a Chairman who received a salary, cash and non-cash benefits and an automobile as compensation.

e) Automobile provided, no dollar amount included in other non-cash benefits.

f) The position was occupied by 2 individuals during 2008.

g) The position was occupied by 3 individuals during 2008.

h) The position was created May 1, 2008.

NOTE 17 JOINT VENTURE – TICKET LOTTERY OPERATIONS

Alberta's share of the Western Lottery Corporation joint venture is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

(thousands of dollars)	2009	2008
Balance Sheet		
Current assets	$ 28,502	$ 29,764
Property, plant and equipment	21,348	22,558
	$ 49,850	$ 52,322
Current liabilities	$ 25,493	$ 27,975
Equity in joint venture	24,357	24,347
	$ 49,850	$ 52,322

	2009	2008
Statement of Operations		
Gross profit	$ 250,206	$ 231,298
Operating expenses	(32,546)	(31,482)
Net Operating Results	$ 217,660	$ 199,816
Statement of Cash Flows		
Cash from operations	$ 215,406	$ 209,123
Cash used for investment	$ 2,924	$ 16,850

Notes to the Financial Statements
March 31, 2009

NOTE 18 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with Government of Alberta departments for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

(thousands of dollars)	2009	2008
Revenues		
Accommodation	$ 332	$ 321
Forensic Audit	167	46
Information Technology	33	40
Financial Services	13	12
	$ 545	$ 419

(thousands of dollars)	2009	2008
Expenses – Incurred by Others		
Legal Services	$ 362	$ 301
Internal Audit	–	55
Other Travel Costs	–	4
	$ 362	$ 360

The Commission also had the following transactions with Government of Alberta departments recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

(thousands of dollars)	2009	2008
Finance and Enterprise – Risk Management and Insurance	$ 325	$ 265
Service Alberta	161	57
Infrastructure and Transportation	6	5
	$ 492	$ 327

NOTE 19 COMPARATIVE FIGURES

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

ALBERTA
LOTTERY FUND

Financial Statements

ALBERTA LOTTERY FUND

AUDITOR GENERAL Alberta

Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Lottery Fund as at March 31, 2009 and the statement of revenue, expenditure and fund equity for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Alberta Lottery Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn

Edmonton, Alberta
June 10, 2009

Fred Dunn, FCA
Auditor General

Balance Sheet

At March 31

ALBERTA LOTTERY FUND

(thousands of dollars)	2009	2008
ASSETS		
Cash and cash equivalents (Note 3)	$ 32,724	$ 170,234
Due from Alberta Gaming and Liquor Commission (Note 4)	80,399	81,023
	$ 113,123	$ 251,257
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 5)	$ 60,348	$ 198,482
Fund Equity	52,775	52,775
	$ 113,123	$ 251,257

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Original signed by

Marguerite J. Trussler
Chairperson of the Board
Alberta Gaming and Liquor Commission

MANAGEMENT

Original signed by

Gerry McLennan
Chief Executive Officer
Alberta Gaming and Liquor Commission

Statement of Revenue, Expenditure and Fund Equity

For the year ended March 31

ALBERTA LOTTERY FUND

(thousands of dollars)	Budget 2009 (Note 21)	Actual 2009	Actual 2008
REVENUE			
Proceeds from lottery operations (Note 6)	$ 1,516,418	$ 1,511,529	$ 1,615,256
Interest	6,000	10,627	17,172
	$ 1,522,418	$ 1,522,156	1,632,428
EXPENDITURE			
Transfers to Departments			
Aboriginal Relations (Note 7)	78,200	102,075	56,121
Advanced Education and Technology (Note 8)	101,591	101,591	104,043
Agriculture and Rural Development (Note 9)	22,220	22,220	22,220
Children and Youth Services (Note 10)	63,500	63,500	55,500
Culture and Community Spirit (Note 11)	475,467	456,818	378,970
Education (Note 12)	129,100	129,100	129,100
Employment and Immigration (Note 13)	11,987	11,987	12,769
Environment (Note 14)	500	500	500
Health and Wellness (Note 15)	260,495	260,495	279,497
Municipal Affairs (Note 16)	26,000	26,000	26,000
Solicitor General and Public Security (Note 17)	1,600	1,600	1,600
Tourism, Parks and Recreation (Note 18)	95,470	95,470	113,970
Transportation (Note 19)	195,000	195,000	175,000
Finance and Enterprise (Note 20)	61,288	55,800	277,138
	1,522,418	1,522,156	1,632,428
Excess of revenue over expenditure for the year	–	–	–
Fund equity, beginning of year	52,775	52,775	52,775
Transfers to General Revenues	–	–	–
Fund equity, end of year	$ 52,775	$ 52,775	$ 52,775

The accompanying notes are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act,* Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act,* 2008 authorized payments from the Lottery Fund as presented in the 2008-2009 Estimates, and provided for flexibility in the amount allocated from the Lottery Fund to the Contingency Allowance / Alberta Sustainability Fund so that the net revenue of the Lottery Fund would be zero at the year ended March 31, 2009.

The transfer of funds to certain programs is based on gaming proceeds generated at related gaming facilities, in accordance with government policy direction. For these programs, the amount transferred may differ from the budgeted amount.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective entity's financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2009, securities held by the Fund have a time-weighted rate of return of 3.0% per annum (March 31, 2008: 4.5% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Notes to the Financial Statements
March 31, 2009

ALBERTA LOTTERY FUND

NOTE 4 DUE FROM THE ALBERTA GAMING AND LIQUOR COMMISSION

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

(thousands of dollars)	2009	2008
Due from AGLC, beginning of year	$ 81,023	$ 77,795
Remittable from AGLC	1,511,529	1,615,256
Remittances from AGLC	(1,512,153)	(1,612,028)
Due from AGLC, end of year	$ 80,399	$ 81,023

NOTE 5 ACCOUNTS PAYABLE

Accounts payable consists primarily of outstanding payments to the Department of Finance and Enterprise for the Contingency Allowance / Alberta Sustainability Fund, with the balance representing outstanding net payments to the Departments of Culture and Community Spirit and Aboriginal Relations.

NOTE 6 PROCEEDS FROM LOTTERY OPERATIONS

Proceeds of provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

(thousands of dollars)	2009	2008
Income from gaming terminals	$ 861,858	$ 840,605
Income from video lottery terminals	591,939	702,771
Income from ticket lottery	250,119	231,195
Income from electronic bingo	7,431	8,785
Less operating expenses	(199,818)	(168,100)
Proceeds from lottery operations	$ 1,511,529	$ 1,615,256

NOTE 7 ABORIGINAL RELATIONS

Transfers to support aboriginal initiatives:

(thousands of dollars)	2009	2008
First Nations Development Fund	$ 101,875	$ 55,921
First Nations Relations	200	200
	$ 102,075	$ 56,121

NOTE 8 ADVANCED EDUCATION AND TECHNOLOGY

Transfers to support post-secondary education, scientific initiatives and communication initiatives:

(thousands of dollars)	2009	2008
Research Capacity	$ 28,900	$ 28,400
Capital Expansion and Upgrading	16,000	16,000
Community Education	15,600	15,600
Energy Research	15,200	15,200
Life Sciences Research	11,485	11,985
Information and Communications Technology Research	11,306	11,458
Achievement Scholarships	3,100	3,100
Other Program Support - Learning Television	–	2,300
	$ 101,591	$ 104,043

NOTE 9 AGRICULTURE AND RURAL DEVELOPMENT

Transfers to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

(thousands of dollars)	2009	2008
Agricultural Service Boards	$ 10,600	$ 10,600
Agricultural Societies	8,670	8,670
Agricultural Initiatives	2,950	2,950
	$ 22,220	$ 22,220

NOTE 10 CHILDREN AND YOUTH SERVICES

Transfers to support families and communities in Alberta:

(thousands of dollars)	2009	2008
Family and Community Support Services	$ 45,000	$ 45,000
Fetal Alcohol Spectrum Disorder Initiatives	12,000	4,000
Prevention of Family Violence and Bullying	6,500	6,500
	$ 63,500	$ 55,500

Notes to the Financial Statements
March 31, 2009

ALBERTA LOTTERY FUND

NOTE 11 CULTURE AND COMMUNITY SPIRIT

Transfers to support culture, multiculturalism, municipal and community initiatives, and the volunteer sector:

(thousands of dollars)	2009	2008
Major Community Facilities Program	$ 140,000	$ 140,000
Support for National Portrait Gallery	40,000	–
Support for TELUS World of Science	40,000	–
Community Facility Enhancement Program	38,500	38,500
Horse Racing and Breeding Renewal Program	36,917	35,709
Alberta Foundation for the Arts	34,984	25,884
Community Initiatives Program	29,171	30,000
Major Fairs and Exhibitions	23,360	53,360
Community Spirit Donation Program	20,000	–
Film Development and Film Commission	19,690	18,285
Alberta Historical Resources Foundation	9,507	8,587
Wild Rose Foundation	8,516	8,516
Other Initiatives	7,964	11,088
Bingo Associations	5,434	6,426
Human Rights, Citizenship and Multiculturalism Education Fund	2,025	1,865
Cultural Initiatives	750	750
	$ 456,818	$ 378,970

NOTE 12 EDUCATION

Transfers to support primary education:

(thousands of dollars)	2009	2008
Public and Separate School Support – Operational Funding	$ 60,800	$ 60,800
School Facilities Infrastructure	60,300	60,300
Basic Education Program Initiative – High Speed Network	8,000	8,000
	$ 129,100	$ 129,100

NOTE 13 EMPLOYMENT AND IMMIGRATION

Transfers to assist in job creation and to support the disabled, summer students, and immigrants in their search for employment:

(thousands of dollars)	2009	2008
Summer Temporary Employment Program	$ 7,413	$ 8,195
Settlement Services and Enhanced Language Training	4,574	4,574
	$ 11,987	$ 12,769

NOTE 14 ENVIRONMENT

Transfers to support environmental awareness:

(thousands of dollars)	2009	2008
Educational Awareness	$ 500	$ 500

NOTE 15 HEALTH AND WELLNESS

Transfers made in support of health and wellness initiatives, including to the Alberta Alcohol and Drug Abuse Commission:

(thousands of dollars)	2009	2008
Alberta Alcohol and Drug Abuse Commission	$ 90,495	$ 84,497
Human Tissue and Blood Services	90,000	115,000
Health Facilities Infrastructure	50,000	50,000
Community-based Health Services	30,000	30,000
	$ 260,495	$ 279,497

NOTE 16 MUNICIPAL AFFAIRS

Transfers to enhance support for municipal initiatives:

(thousands of dollars)	2009	2008
Unconditional Municipal Grants	$ 14,000	$ 14,000
Municipal Sponsorship	12,000	12,000
	$ 26,000	$ 26,000

Notes to the Financial Statements
March 31, 2009

ALBERTA LOTTERY FUND

NOTE 17 SOLICITOR GENERAL AND PUBLIC SECURITY

Transfers made to support gaming research:

(thousands of dollars)	2009	2008
Gaming Research	$ 1,600	$ 1,600

NOTE 18 TOURISM, PARKS, AND RECREATION

Transfers to support sports, recreation, and municipal initiatives:

(thousands of dollars)	2009	2008
Support for Capital Region River Valley Park	$ 50,000	$ –
Alberta Sport, Recreation, Parks and Wildlife Foundation	24,970	23,470
Recreation and Sports Facilities Grants	20,000	90,000
Hosting Major Athletic Events	500	500
	$ 95,470	$ 113,970

NOTE 19 TRANSPORTATION

Transfers to enhance transportation and water infrastructure:

(thousands of dollars)	2009	2008
Municipal Water Wastewater Program / Water for Life	$ 70,000	$ 25,000
Rural Transportation Partnerships	40,000	40,000
Alberta Cities Transportation Partnerships	30,000	30,000
Provincial Highway Preservation	30,000	–
Streets Improvement Program	25,000	25,000
Provincial Highway Rehabilitation	–	55,000
	$ 195,000	$ 175,000

NOTE 20 FINANCE AND ENTERPRISE

Transfers to the Contingency Allowance / Alberta Sustainability Fund:

(thousands of dollars)	2009	2008
Contingency Allowance / Alberta Sustainability Fund	$ 55,800	$ 277,138

NOTE 21 BUDGET

The 2009 budgeted expenditures were authorized in total by the *Appropriation Act*, 2008 on June 3, 2008. On December 4, 2008 the *Appropriation (Supplementary Supply) Act, 2008 (No. 2)* allowed for an additional $20 million to be paid from the Lottery Fund for the fiscal year ended March 31, 2009.

NOTE 22 COMPARATIVE FIGURES

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Contact Information

For additional copies of this annual report, check our website at **aglc.ca**.

Inquiries may be directed to:

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TELEPHONE: 780-447-8740
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This and other related reports may be viewed on our website at **aglc.ca.**

If gambling is a concern for you or someone you know, call the 24-hour AHS Addiction Help-Line, toll-free at 1-866-332-2322, for confidential information and support.

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